THIRD QUARTER

SEPTEMBER 30, 2014

This disclosure document is dated October 22, 2014.

METHODIST LE BONHEUR HEALTHCARE

QUARTERLY REPORT OF FINANCIAL INFORMATION AND OPERATING DATA

For Quarter-ended September 30, 2014

Relating to:
The Health, Educational and Housing Facility Board of the County of Shelby, Tennessee Hospital Revenue Bonds
- ***Series 2004, Series 2008A&B, Series 2008C, and Series 2012***

This Quarterly Report of Financial Information and Operating Data ("Quarterly Report") is filed by Methodist Le Bonheur Healthcare pursuant to Continuing Disclosure Agreements entered into by Methodist Le Bonheur Healthcare in connection with the issuance of the Series 2004, Series 2008A&B, Series 2008C, and Series 2012 bonds (the "Securities") referenced above. This Quarterly Report relates to the Securities. The Securities are described in the Official Statements dated September 8, 2004, May 21, 2008, June 11, 2008, and May 2, 2012 related to the initial issuance and fixed rate conversion of the Securities.

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NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Certain of the discussions included in the narrative section(s) of the following document may include certain "forward-looking statements." In particular, statements preceded by, followed by, or that include forward-looking words such as "may," "will," "should," "believes," "estimates," "expects," "anticipates," "plans," "intends," "scheduled," or other similar expressions are or may constitute forward-looking statements. Methodist Le Bonheur Healthcare cautions that these forward-looking statements, which are subject to numerous assumptions, involve known and unknown risks and uncertainties inherent in the operation of healthcare facilities. Those risks and uncertainties include general economic and business conditions, competition from other healthcare facilities, federal and state regulation of healthcare providers, and reimbursement policies of the state and federal governments and managed care organizations.

This document is marked with a dated date and speaks only as of that dated date. Readers are cautioned not to assume that any information has been updated beyond the dated date. Methodist Le Bonheur Healthcare assumes no duty to update forward-looking statements. Actual actions or results may differ materially from those discussed herein.

Combined Statement of Operations and Changes in Net Assets

Methodist's combined net patient service revenue increased by $29.0 million, or 2.6%, for the nine months ending September 30, 2014 over the same period last year. The increase was due to volume growth offset by lower payments per patient. A detailed breakdown of volume and payment rate changes is as follows:

- Inpatient volumes increased by 1,464 discharges, or 3.1%, due to a 3.6% increase at the adult campuses and a 0.3% decrease at Le Bonheur. Payor mix of the increase was negative with commercial discharges down 348, or 2.2%, Medicaid/TennCare discharges up 506, or 5.2%, and Medicare discharges up 1,425, or 8.0%. The lower commercial discharges are primarily due to the introduction of high deductible health plans by several large employers. The growth in Medicare and Medicaid/TennCare has occurred primarily at the adult hospitals and is due to market share growth in these payor categories.
- Outpatient volumes, as measured by outpatient equivalent discharges, increased by 17.8% due to continued expansion in the number of employed physicians, which accounted for 4.7% of the growth, and the opening of the new hospital in Olive Branch, which accounted for 3.7% of the growth. The remaining 9.8% of growth is due to growth at the Memphis hospitals. Unfortunately the payor mix of the growth is negative, similar to the inpatient side, with commercial volumes flat and Medicare and uninsured volumes up.
- Payment rates per adjusted discharge decreased by 7.2%. Factors impacting payment rates were the negative inpatient and outpatient payor mixes outlined above, declines in TennCare/Medicaid rates, and lower Medicare cost report adjustments. The reduced TennCare payment levels were due to the implementation of lower payments for Le Bonheur related to redistribution of payment rates across the State as mandated by the TennCare Bureau. TennCare payment rates were lower by $13.0 million due to this redistribution. In the first nine months of 2013, $12.8 million of positive Medicare cost report adjustment were recorded. No cost reports were settled in the first nine months of 2014.

Other revenue increased by $12.4 million, or 24.6%, compared to the same period last year. The increase was due primarily to a new agreement with AnovoRX which allows outpatient prescriptions written by our oncology doctors and filled at the AnovoRX outpatient pharmacy to qualify for 340b drug pricing ($5.9 million), and EHR payments from Medicare and Medicaid ($5.7 million).

Salaries and benefits increased $40.7 million, or 7.2%, for the period ending September 30, 2014 compared to the same period last year. Salaries increased $41.1 million, or 9.1%, due primarily to an overall 2.5% pay increase limit for all associates, additional staff for our new Olive Branch hospital and acquired physician practices, offset by continued improvements in overall productivity levels and implementation of our cost reduction plan. Salaries excluding the new hospital and acquired physician practices decreased 0.1%. Salaries per adjusted discharge declined by 1.3%. Benefit related expenses decreased $0.4 million, or 0.3%, due primarily to lower pension costs related to the impact of a higher discount rate offset by benefits related to the new Olive Branch hospital and acquired physician practices.

Supplies and other expenses increased by $17.4 million, or 3.7%, as compared to the same period in 2013. Supply costs have increased by $7.1 million, or 2.9%, due primarily to the new Olive Branch Hospital and acquired physician practices. Supplies excluding the new hospital and acquired physician practices increased by 0.7% due primarily to increased drug costs offset by the implementation of our cost reduction plan. Supplies per adjusted discharge declined by 6.9%. Other expenses have increased $10.3 million, or 4.5%, due primarily to the new Olive Branch Hospital and acquired physician practices. Other expenses excluding the new hospital and acquired physician practices were flat due primarily to our cost reduction plan.

Investment income (which includes realized and unrealized returns), at $34.2 million, was $13.3 million lower than the same period last year. This was due to the impact of market factors on

the investment portfolio in 2014, as follows: U.S. Equity was $18.2 million lower, International Equity was $3.7 million lower, Alternative Strategy was $0.5 million lower, and Fixed Income was $9.1 million higher than the prior period. The investment portfolio returns in 2014 were in line with the returns of the overall markets, per the following:

	YTD 9-30-14	YTD 9-30-13	Index
U.S. Equity	+8.3%	+19.8%	S&P 500
Int'l Equity	-1.4%	+16.1%	MSCI EAFE
Alternative	+3.9%	+6.4%	HFR Eq Hdg
Fixed Income	+3.3%	-0.9%	BC Int Credit

Change in fair value of interest rate swaps at $(10.5) million was $37.3 million lower than the same period last year. This was the result of LIBOR swap rates decreasing in the first nine months of 2014 compared to rates increasing in the first nine months of 2013.

Combined Balance Sheet

Cash and investments were $55.8 million higher than the same period last year. The increase was due primarily to positive operating margins and strong investment returns, which outweighed capital expenditures, debt payments and increased working capital.

Net property and equipment increased $34.6 million over the same period last year. This increase is a result of capital investments, which includes the construction of a new hospital in Olive Branch and a new emergency room for the University campus.

Due to third-party payors increased by $30.0 million over the same period last year due primarily to the reserve that has been set aside for the TennCare rate corridor implementation. TennCare MCO's are still paying the higher rates and the potential for retroactive recoupment of these rates back to July 2013 still exists. Methodist along with several other health systems in Tennessee are working to obtain relief from the rate corridor reductions and the State has put on hold the implementation of the phase 2 impact of the rate corridor as these discussions continue. In the interim, Methodist is accruing the potential impact and setting up a payable on the balance sheet.

Debt decreased by $16.0 million over the same period last year due to routine bond/other debt related payments.

Total reserves for estimated professional and general liability costs were $3.0 million lower than the same period last year (current portion is included in accrued expenses and other current liabilities). The required reserve levels are actuarially determined and the estimates are updated on a semi-annual basis. The primary factors for the decrease were as follows: 1) reduced number of significant claims, 2) continued resolution of old claims below established reserves, 3) improved reserving processes, and 4) more timely resolution of significant claims during the year.

Accrued pension liability decreased $141.4 million compared to the same period last year. This decrease was due to the additional funding over expense of $8.3 million and the minimum pension liability adjustment of $133.1 million recorded at December 31, 2013 in accordance with FASB ASC Topic 715-20. The positive pension liability adjustment was primarily due to an increase in the year-end discount rate from 3.92% in 2012 to 4.77% in 2013 and strong investment earnings with a total return on pension assets of 18.1% in 2013.

Market values for Methodist's 2004 and 2007 fixed payor swaps declined by $4.0 million (therefore the liability increased by $4.0 million) as longer-term LIBOR swap rates were at lower levels on September 30, 2014 compared to the levels on September 30, 2013.

Financial Ratios

The following is a table of financial ratios for the period ending September 30:

	YTD 9-30-14	YTD 9-30-13
Operating Margin	2.5%	5.0%
Excess Margin	5.2%	8.6%
Cash / Debt (%)	143.6%	131.1%
Debt / Cash Flow (X)	3.1	2.8
Days Cash on Hand	204.2	202.2
Days in A/R	50.2	50.1

METHODIST LE BONHEUR HEALTHCARE
COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Nine Months Ending September 30
Unaudited (Thousands of Dollars)

	2014	2013	Difference
Unrestricted revenues and other support:			
Net patient service revenue	$ 1,157,276	$ 1,128,243	$ 29,033
Other revenue	62,551	50,187	12,364
Net assets released from restrictions used for operations	7,364	9,265	(1,901)
Total unrestricted revenues and other support	1,227,191	1,187,695	39,496
Expenses:			
Salaries and benefits	609,082	568,385	40,697
Supplies and other	491,163	473,731	17,432
Depreciation and amortization	74,692	65,384	9,308
Interest	20,197	18,929	1,268
Total expenses	1,195,134	1,126,429	68,705
Operating Income	32,057	61,266	(29,209)
Nonoperating gains (losses):			
Investment income, net	22,172	20,318	1,854
Change in fair value of interest rates swaps	(10,548)	26,724	(37,272)
Unrealized income on trading securities, net	12,009	27,129	(15,120)
Loss on impairment of land	-	-	-
Impairment loss on equity investee	-	-	-
Loss on impairment of goodwill	-	-	-
Total nonoperating gains, net	23,633	74,171	(50,538)
Revenues, gains and other support in excess of expenses and losses, before noncontrolling interest	55,690	135,437	(79,747)
Noncontrolling interest	(997)	(1,129)	132
Revenues, gains and other support in excess of expenses and losses	54,693	134,308	(79,615)
Other changes in unrestricted net assets:			
Increase (decrease) in interest in consolidated affiliates	(5,008)	21	(5,029)
Accrued pension costs adjustments	-	-	-
Net assets released from restrictions used for capital	1,227	1,218	9
	(3,781)	1,239	(5,020)
Increase (decrease) in unrestricted net assets	$ 50,912	$ 135,547	$ (84,635)
Change in net assets:			
Temporarily and permanently restricted net assets:			
Temporarily and permanently restricted contributions	11,991	8,760	3,231
Net assets released from restrictions used for operations	(7,364)	(9,265)	1,901
Net assets released from restrictions used for capital	(1,227)	(1,218)	(9)
Incr (decr) in temporarily & permanently restricted net assets	3,400	(1,723)	5,123
Increase (decrease) in noncontrolling interests	(2,360)	(118)	(2,242)
Increase (decrease) in unrestricted net assets	50,912	135,547	(84,635)
Increase (decrease) in net assets	51,952	133,706	(81,754)
Net assets at beginning of year	1,189,434	880,494	308,940
Net assets at September 30	$ 1,241,386	$ 1,014,200	$ 227,186

METHODIST LE BONHEUR HEALTHCARE
COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Nine Months Ending September 30, 2014
Unaudited (Thousands of Dollars)

	Obligated Group	Restricted Group	Combined Group	Other Affiliated & Eliminations	Consolidated
Unrestricted revenues and other support:					
Net patient service revenue	$ 1,019,248	$ 3,702	$ 1,022,950	$ 134,326	$ 1,157,276
Other revenue	46,231	1,258	47,489	15,062	62,551
Net assets released from restrictions used for operations	-	-	-	7,364	7,364
Total unrestricted revenues and other support	1,065,479	4,960	1,070,439	156,752	1,227,191
Expenses:					
Salaries and benefits	477,791	2,564	480,355	128,727	609,082
Supplies and other	434,861	1,878	436,739	54,424	491,163
Depreciation and amortization	65,111	252	65,363	9,329	74,692
Interest	19,802	26	19,828	369	20,197
Total expenses	997,565	4,720	1,002,285	192,849	1,195,134
Operating Income	67,914	240	68,154	(36,097)	32,057
Nonoperating gains (losses):					
Investment income, net	21,478	21	21,499	673	22,172
Change in fair value of interest rates swaps	(10,548)	-	(10,548)	-	(10,548)
Unrealized income on trading securities, net	11,545	14	11,559	450	12,009
Loss on impairment of land	-	-	-	-	-
Impairment loss on equity investee	-	-	-	-	-
Loss on impairment of goodwill	-	-	-	-	-
Total nonoperating gains, net	22,475	35	22,510	1,123	23,633
Revenues, gains and other support in excess of expenses and losses, before noncontrolling interest	90,389	275	90,664	(34,974)	55,690
Noncontrolling interest	-	-	-	(997)	(997)
Revenues, gains and other support in excess of expenses and losses	90,389	275	90,664	(35,971)	54,693
Other changes in unrestricted net assets:					
Increase (decrease) in interest in consolidated affiliates	-	-	-	(5,008)	(5,008)
Accrued pension costs adjustments	-	-	-	-	-
Net assets released from restrictions used for capital	-	-	-	1,227	1,227
	-	-	-	(3,781)	(3,781)
Increase (decrease) in unrestricted net assets	90,389	275	90,664	(39,752)	50,912
Intercompany transfers of assets	(18,058)	(464)	(18,522)	18,522	-
Increase (decrease) in unrestricted net assets	$ 72,331	$ (189)	$ 72,142	$ (21,230)	$ 50,912
Change in net assets:					
Temporarily and permanently restricted net assets:					
Temporarily and permanently restricted contributions	-	-	-	11,991	11,991
Net assets released from restrictions used for operations	-	-	-	(7,364)	(7,364)
Net assets released from restrictions used for capital	-	-	-	(1,227)	(1,227)
Incr (decr) in temporarily & permanently restricted net assets	-	-	-	3,400	3,400
Increase (decrease) in noncontrolling interests	-	-	-	(2,360)	(2,360)
Increase (decrease) in unrestricted net assets	72,331	(189)	72,142	(21,230)	50,912
Increase (decrease) in net assets	72,331	(189)	72,142	(20,190)	51,952
Net assets at December 31, 2013	1,020,510	2,333	1,022,843	166,591	1,189,434
Net assets at September 30, 2014	$ 1,092,841	$ 2,144	$ 1,094,985	$ 146,401	$ 1,241,386

METHODIST LE BONHEUR HEALTHCARE
COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Nine Months Ending September 30, 2013
Unaudited (Thousands of Dollars)

	Obligated Group	Restricted Group	Combined Group	Other Affiliated & Eliminations	Consolidated
Unrestricted revenues and other support:					
Net patient service revenue	$ 1,033,413	$ 3,788	$ 1,037,201	$ 91,042	$ 1,128,243
Other revenue	36,995	216	37,211	12,976	50,187
Net assets released from restrictions used for operations	-	-	-	9,265	9,265
Total unrestricted revenues and other support	1,070,408	4,004	1,074,412	113,283	1,187,695
Expenses:					
Salaries and benefits	483,954	2,752	486,706	81,679	568,385
Supplies and other	434,292	1,967	436,259	37,472	473,731
Depreciation and amortization	61,070	278	61,348	4,036	65,384
Interest	18,525	33	18,558	371	18,929
Total expenses	997,841	5,030	1,002,871	123,558	1,126,429
Operating Income	72,567	(1,026)	71,541	(10,275)	61,266
Nonoperating gains (losses):					
Investment income, net	19,574	27	19,601	717	20,318
Change in fair value of interest rates swaps	26,724	-	26,724	-	26,724
Unrealized income on trading securities, net	26,238	10	26,248	881	27,129
Loss on impairment of land	-	-	-	-	-
Impairment loss on equity investee	-	-	-	-	-
Loss on impairment of goodwill	-	-	-	-	-
Total nonoperating gains, net	72,536	37	72,573	1,598	74,171
Revenues, gains and other support in excess of expenses and losses, before noncontrolling interest	145,103	(989)	144,114	(8,677)	135,437
Noncontrolling interest	-	-	-	(1,129)	(1,129)
Revenues, gains and other support in excess of expenses and losses	145,103	(989)	144,114	(9,806)	134,308
Other changes in unrestricted net assets:					
Increase (decrease) in interest in consolidated affiliates	-	-	-	21	21
Accrued pension costs adjustments	-	-	-	-	-
Net assets released from restrictions used for capital	-	-	-	1,218	1,218
	-	-	-	1,239	1,239
Increase (decrease) in unrestricted net assets	145,103	(989)	144,114	(8,567)	135,547
Intercompany transfers of assets	(12,652)	1,137	(11,515)	11,515	-
Increase (decrease) in unrestricted net assets	$ 132,451	$ 148	$ 132,599	$ 2,948	$ 135,547
Change in net assets:					
Temporarily and permanently restricted net assets:					
Temporarily and permanently restricted contributions	-	-	-	8,760	8,760
Net assets released from restrictions used for operations	-	-	-	(9,265)	(9,265)
Net assets released from restrictions used for capital	-	-	-	(1,218)	(1,218)
Incr (decr) in temporarily & permanently restricted net assets	-	-	-	(1,723)	(1,723)
Increase (decrease) in noncontrolling interests	-	-	-	(118)	(118)
Increase (decrease) in unrestricted net assets	132,451	148	132,599	2,948	135,547
Increase (decrease) in net assets	132,451	148	132,599	1,107	133,706
Net assets at December 31, 2012	802,749	2,358	805,107	75,387	880,494
Net assets at September 30, 2013	$ 935,200	$ 2,506	$ 937,706	$ 76,494	$ 1,014,200

METHODIST LE BONHEUR HEALTHCARE
COMBINED BALANCE SHEET
As of September 30
Unaudited (Thousands of Dollars)

	2014	2013	Difference
Assets			
Current assets:			
Cash, cash equivalents, and short-term investments	$ 857,616	$ 801,838	$ 55,778
Net patient accounts receivable	212,793	207,319	5,474
Due from third-party payors	-	-	-
Pledge campaign	3,412	2,602	810
Other current assets	56,605	49,300	7,305
Assets limited as to use-current portion	790	891	(101)
Total current assets	1,131,216	1,061,950	69,266
Assets limited as to use, less current portion	36,916	39,611	(2,695)
Property and equipment, net	911,410	876,763	34,647
Swap market value	-	-	-
Pledge campaign-long term	7,455	3,959	3,496
Other assets	49,453	53,434	(3,981)
Total assets	$ 2,136,450	$ 2,035,717	$ 100,733
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	$ 56,263	$ 60,707	$ (4,444)
Accrued expenses and other current liabilities	86,195	85,499	696
Due to third-party payors	37,759	7,777	29,982
Current installments of long-term debt	15,442	15,676	(234)
Total current liabilities	195,659	169,659	26,000
Long-term debt, excluding current installments	569,003	584,805	(15,802)
Estimated professional and general liability costs	18,650	18,658	(8)
Accrued pension liability	44,678	186,136	(141,458)
Swap market value	59,809	55,792	4,017
Other long-term liabilities	7,265	6,466	799
Total liabilities	895,064	1,021,516	(126,452)
Net assets:			
Unrestricted	1,209,046	987,687	221,359
Temporarily restricted	26,302	18,482	7,820
Permanently restricted	3,704	3,428	276
Total net assets attributable to MLH	1,239,052	1,009,597	229,455
Noncontrolling interests	2,334	4,604	(2,270)
Total net assets	1,241,386	1,014,201	227,185
Total liabilities and net assets	$ 2,136,450	$ 2,035,717	$ 100,733

METHODIST LE BONHEUR HEALTHCARE
COMBINED BALANCE SHEET
As of September 30, 2014
Unaudited (Thousands of Dollars)

	Obligated Group	Restricted Group	Combined Group	Other Affiliated & Eliminations	Consolidated
Assets					
Current assets:					
Cash, cash equivalents, and short-term investments	$ 810,715	$ (1)	$ 810,714	$ 46,902	$ 857,616
Net patient accounts receivable	192,186	329	192,515	20,278	212,793
Due from third-party payors	-	-	-	-	-
Pledge campaign	-	-	-	3,412	3,412
Other current assets	45,150	106	45,256	11,349	56,605
Assets limited as to use-current portion	790	-	790	-	790
Total current assets	1,048,841	434	1,049,275	81,941	1,131,216
Assets limited as to use, less current portion	36,916	-	36,916	-	36,916
Property and equipment, net	784,344	1,845	786,189	125,221	911,410
Swap market value	-	-	-	-	-
Pledge campaign-long term	-	-	-	7,455	7,455
Other assets	36,295	(1)	36,294	13,159	49,453
Total assets	$ 1,906,396	$ 2,278	$ 1,908,674	$ 227,776	$ 2,136,450
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	$ 51,808	$ 142	$ 51,950	$ 4,313	$ 56,263
Accrued expenses and other current liabilities	73,219	222	73,441	12,754	86,195
Due to third-party payors	37,302	77	37,379	380	37,759
Current installments of long-term debt	14,625	-	14,625	817	15,442
Advances from affiliates	(57,384)	(307)	(57,691)	57,691	-
Other liabilities of discontinued operations	-	-	-	-	-
Total current liabilities	119,570	134	119,704	75,955	195,659
Long-term debt, excluding current installments	563,972	-	563,972	5,031	569,003
Estimated professional and general liability costs	18,650	-	18,650	-	18,650
Accrued pension liability	44,678	-	44,678	-	44,678
Swap market value	59,809	-	59,809	-	59,809
Other long-term liabilities	6,876	-	6,876	389	7,265
Total liabilities	813,555	134	813,689	81,375	895,064
Net assets:					
Unrestricted	1,092,841	2,144	1,094,985	114,061	1,209,046
Temporarily restricted	-	-	-	26,302	26,302
Permanently restricted	-	-	-	3,704	3,704
Total net assets attributable to MLH	1,092,841	2,144	1,094,985	144,067	1,239,052
Noncontrolling interests	-	-	-	2,334	2,334
Total net assets	1,092,841	2,144	1,094,985	146,401	1,241,386
Total liabilities and net assets	$ 1,906,396	$ 2,278	$ 1,908,674	$ 227,776	$ 2,136,450

METHODIST LE BONHEUR HEALTHCARE
COMBINED BALANCE SHEET
As of September 30, 2013
Unaudited (Thousands of Dollars)

	Obligated Group	Restricted Group	Combined Group	Other Affiliated & Eliminations	Consolidated
Assets					
Current assets:					
Cash, cash equivalents, and short-term investments	$ 759,888	$ (12)	$ 759,876	$ 41,962	$ 801,838
Net patient accounts receivable	192,997	397	193,394	13,925	207,319
Due from third-party payors	-	-	-	-	-
Pledge campaign	-	-	-	2,602	2,602
Other current assets	39,269	157	39,426	9,874	49,300
Assets limited as to use-current portion	891	-	891	-	891
Total current assets	993,045	542	993,587	68,363	1,061,950
Assets limited as to use, less current portion	39,611	-	39,611	-	39,611
Property and equipment, net	758,847	2,165	761,012	115,751	876,763
Swap market value	-	-	-	-	-
Pledge campaign-long term	-	-	-	3,959	3,959
Other assets	34,006	-	34,006	19,428	53,434
Total Assets	$ 1,825,509	$ 2,707	$ 1,828,216	$ 207,501	$ 2,035,717
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	$ 55,918	$ 154	$ 56,072	$ 4,635	$ 60,707
Accrued expenses and other current liabilities	76,706	230	76,936	8,563	85,499
Due to third-party payors	7,447	94	7,541	236	7,777
Current installments of long-term debt	14,877	-	14,877	799	15,676
Advances from affiliates	(110,584)	(277)	(110,861)	110,861	-
Other liabilities of discontinued operations	-	-	-	-	-
Total current liabilities	44,364	201	44,565	125,094	169,659
Long-term debt, excluding current installments	579,386	-	579,386	5,419	584,805
Estimated professional and general liability costs	18,658	-	18,658	-	18,658
Accrued pension liability	186,136	-	186,136	-	186,136
Swap market value	55,792	-	55,792	-	55,792
Other long-term liabilities	5,973	-	5,973	493	6,466
Total liabilities	890,309	201	890,510	131,006	1,021,516
Net assets:					
Unrestricted	935,200	2,506	937,706	49,981	987,687
Temporarily restricted	-	-	-	18,482	18,482
Permanently restricted	-	-	-	3,428	3,428
Total net assets attributable to MLH	935,200	2,506	937,706	71,891	1,009,597
Noncontrolling interests	-	-	-	4,604	4,604
Total net assets	935,200	2,506	937,706	76,495	1,014,201
Total liabilities and net assets	$ 1,825,509	$ 2,707	$ 1,828,216	$ 207,501	$ 2,035,717

METHODIST LE BONHEUR HEALTHCARE
COMBINED STATEMENT OF CASH FLOW
As of September 30
Unaudited (Thousands of Dollars)

	2014	2013
Increase (decrease) in cash due to:		
Change in net assets	$ 51,952	$ 133,706
Discontinued operations	-	-
Non-cash items:		
Depreciation / amortization	74,692	65,384
Pension expense funding	(4,650)	(11,472)
Net change in market value swaps / bonds	10,548	(26,724)
Extraordinary gain (loss)	-	-
(Gain) / loss on disposal of assets	81	48
Total non-cash items	80,671	27,236
Cash flows from operating activities:		
Net changes in working capital	(5,851)	(6,489)
Changes in long term assets / liabilities	13,360	(36,049)
Advances (to) from affiliates	-	-
Total cash flows from operating activities	7,509	(42,538)
Cash flows from financing / investing activities:		
Principal payments	(15,514)	(15,454)
Advanced payment of debt	-	-
Debt / OID / bond issue cost additions (reductions)	303	(288)
Capital additions	(85,818)	(120,028)
Proceeds from disposal of assets	84	130
Asset transfers / disposals	1,274	(8)
Notes payable	120	-
Assets limited as to use	2,751	797
Total cash flows from financing / investing activities	(96,800)	(134,851)
Net increase (decrease) in cash	$ 43,332	$ (16,447)
Change in cash:		
Beginning balance	$ 814,284	$ 818,285
Ending balance	857,616	801,838
Net increase (decrease) in cash	$ 43,332	$ (16,447)

METHODIST LE BONHEUR HEALTHCARE
COMBINED STATEMENT OF CASH FLOW
Nine Months Ending September 30, 2014
Unaudited (Thousands of Dollars)

	Obligated Group	Restricted Group	Combined Group	Other Affiliated & Eliminations	Consolidated
Increase (decrease) in cash due to:					
Change in net assets	$ 72,331	$ (189)	$ 72,142	$ (20,190)	$ 51,952
Discontinued operations	-	-	-	-	-
Non-cash items:					
Depreciation / amortization	65,111	252	65,363	9,329	74,692
Pension expense funding	(4,650)	-	(4,650)	-	(4,650)
Net change in market value swaps / bonds	10,548	-	10,548	-	10,548
Extraordinary gain (loss)	-	-	-	-	-
(Gain) / loss on disposal of assets	10	(1)	9	72	81
Total non-cash items	71,019	251	71,270	9,401	80,671
Cash flows from operating activities:					
Net changes in working capital	(5,380)	(42)	(5,422)	(429)	(5,851)
Changes in long term assets / liabilities	10,797	-	10,797	2,563	13,360
Advances (to) from affiliates	(22,427)	17	(22,410)	22,410	-
Total cash flows from operating activities	(17,010)	(25)	(17,035)	24,544	7,509
Cash flows from financing / investing activities:					
Principal payments	(14,819)	-	(14,819)	(695)	(15,514)
Advanced payment of debt	-	-	-	-	-
Debt / OID / bond issue cost additions (reductions)	(126)	-	(126)	429	303
Capital additions	(78,819)	(8)	(78,827)	(6,991)	(85,818)
Proceeds from disposal of assets	207	-	207	(123)	84
Asset transfers / disposals	3,402	(11)	3,391	(2,117)	1,274
Notes payable	-	-	-	120	120
Assets limited as to use	2,751	-	2,751	-	2,751
Total cash flows from financing / investing activities	(87,404)	(19)	(87,423)	(9,377)	(96,800)
Net increase (decrease) in cash	$ 38,936	$ 18	$ 38,954	$ 4,378	$ 43,332
Change in cash:					
Beginning balance	$ 771,779	$ (19)	$ 771,760	$ 42,524	$ 814,284
Ending balance	810,715	(1)	810,714	46,902	857,616
Net increase (decrease) in cash	$ 38,936	$ 18	$ 38,954	$ 4,378	$ 43,332

METHODIST LE BONHEUR HEALTHCARE
COMBINED STATEMENT OF CASH FLOW
Nine Months Ending September 30, 2013
Unaudited (Thousands of Dollars)

	Obligated Group	Restricted Group	Combined Group	Other Affiliated & Eliminations	Consolidated
Increase (decrease) in cash due to:					
Change in net assets	$ 132,451	$ 148	$ 132,599	$ 1,107	$ 133,706
Discontinued operations	-	-	-	-	-
Non-cash items:					
Depreciation / amortization	61,070	278	61,348	4,036	65,384
Pension expense funding	(11,472)	-	(11,472)	-	(11,472)
Net change in market value swaps / bonds	(26,724)	-	(26,724)	-	(26,724)
Extraordinary gain (loss)	-	-	-	-	-
(Gain) / loss on disposal of assets	5	-	5	43	48
Total non-cash items	22,879	278	23,157	4,079	27,236
Cash flows from operating activities:					
Net changes in working capital	(2,242)	(224)	(2,466)	(4,023)	(6,489)
Changes in long term assets / liabilities	(36,746)	-	(36,746)	697	(36,049)
Advances (to) from affiliates	(101,905)	(195)	(102,100)	102,100	-
Total cash flows from operating activities	(140,893)	(419)	(141,312)	98,774	(42,538)
Cash flows from financing / investing activities:					
Principal payments	(14,769)	-	(14,769)	(685)	(15,454)
Advanced payment of debt	-	-	-	-	-
Debt / OID / bond issue cost additions (reductions)	(288)	-	(288)	-	(288)
Capital additions	(114,798)	(52)	(114,850)	(5,178)	(120,028)
Proceeds from disposal of assets	155	-	155	(25)	130
Asset transfers / disposals	91,560	41	91,601	(91,609)	(8)
Notes payable	-	-	-	-	-
Assets limited as to use	797	-	797	-	797
Total cash flows from financing / investing activities	(37,343)	(11)	(37,354)	(97,497)	(134,851)
Net increase (decrease) in cash	$ (22,906)	$ (4)	$ (22,910)	$ 6,463	$ (16,447)
Change in cash:					
Beginning balance	$ 782,794	$ (8)	$ 782,786	$ 35,499	$ 818,285
Ending balance	759,888	(12)	759,876	41,962	801,838
Net increase (decrease) in cash	$ (22,906)	$ (4)	$ (22,910)	$ 6,463	$ (16,447)

METHODIST LE BONHEUR HEALTHCARE COMBINED GROUP
OPERATING STATISTICS

	For nine months-ended	
	Sept 30 2014	**Sept 30 2013**
Licensed Beds	1,629	1,629
Beds in Service	1,353	1,350
Patient Days (inpatients)	249,118	265,443
Discharges (inpatients)	46,985	46,637
Occupancy	67.4%	72.0%
Avg Length of Stay (days)	5.3	5.7
ER Visits	243,717	237,073
Gross Outpatient to Total Revenue	50.7%	48.7%
Outpatient Visits	202,442	208,789

MISCELLANEOUS

The information set forth herein has been obtained from records and other sources which are considered reliable. The filing of this Quarterly Report shall not, under any circumstances, create any implication that there has been no change in the affairs of Methodist Le Bonheur Healthcare or in the other matters described herein since the date as of which such information is provided.

The historical information set forth in this Quarterly Report is not necessarily indicative of future financial results of operations due to various factors, including, among others, those discussed in the Official Statements. The Official Statements are on file with the Municipal Securities Rulemaking Board.

In the Continuing Disclosure Agreements, Methodist Le Bonheur Healthcare disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its Continuing Disclosure Agreements or from any statement made pursuant to its Agreements. See “Continuing Disclosure of Information” in the Official Statements.