PharMerica CORP
Form 10-Q
November 06, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

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: 001-33380

PHARMERICA CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	87-0792558
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1901 Campus Place Louisville, KY	40299
(Address of Principal Executive Offices)	(Zip Code)

(502) 627-7000
(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 (or for such shorter period that the registrant was required to file such reports), 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 Web site, 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 (or for such shorter period that the registrant was required to submit and post such files). 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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding at October 30, 2015
Common stock, $0.01 par value	30,454,732 shares

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PHARMERICA CORPORATION

CONDENSED CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2014 and 2015
(Unaudited)
(In millions, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2015	2014	2015
Revenues	$470.2	$498.8	$1,371.0	$1,507.8
Cost of goods sold	387.2	420.2	1,126.1	1,259.4
Gross profit	83.0	78.6	244.9	248.4
Selling, general and administrative expenses	56.0	52.7	171.1	167.1
Amortization expense	4.9	7.0	13.6	20.6
Merger, acquisition, integration costs and other charges	3.8	8.0	10.3	15.2
Settlement, litigation and other related charges	1.1	2.1	28.9	11.3
Restructuring and impairment charges	0.1	0.2	3.2	0.3
Hurricane Sandy disaster costs	-	0.1	0.1	0.1
Operating income	17.1	8.5	17.7	33.8
Interest expense, net	2.1	2.1	6.9	5.4
Loss on extinguishment of debt	4.3	-	4.3	-
Income before income taxes	10.7	6.4	6.5	28.4
Provision for income taxes	2.2	3.4	2.9	13.5
Net income	$8.5	$3.0	$3.6	$14.9
Earnings per common share:				
Basic	$0.28	$0.10	$0.12	$0.49
Diluted	$0.28	$0.10	$0.12	$0.48
Shares used in computing earnings per common share:				
Basic	30,073,133	30,431,845	29,944,875	30,336,548
Diluted	30,595,302	30,896,294	30,502,928	30,798,834

See accompanying Notes to Condensed Consolidated Financial Statements

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PHARMERICA CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
As of December 31, 2014 and September 30, 2015
(Unaudited)
(In millions, except share and per share amounts)

	(As Adjusted) December 31, 2014	September 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 33.3	$ 40.0
Accounts receivable, net	195.4	195.8
Inventory	135.5	117.5
Deferred tax assets, net	42.8	37.2
Income taxes receivable	-	9.2
Prepaids and other assets	90.3	52.6
	497.3	452.3
Equipment and leasehold improvements	196.4	210.3
Accumulated depreciation	(125.0)	(138.8)
	71.4	71.5
Goodwill	323.6	341.8
Intangible assets, net	177.6	165.2
Other	4.1	29.2
	$ 1,074.0	$ 1,060.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 96.0	$ 83.3
Salaries, wages and other compensation	35.1	34.3
Current portion of long-term debt	6.3	11.4
Income taxes payable	2.3	-
Other accrued liabilities	38.5	38.2
	178.2	167.2
Long-term debt	344.4	326.0
Other long-term liabilities	57.6	55.7
Deferred tax liabilities	15.7	14.2
Commitments and contingencies (See Note 5)		
Stockholders' equity:		
Preferred stock, $0.01 par value per share; 1,000,000 shares authorized and no shares issued, December 31, 2014 and September 30, 2015	-	-
	0.3	0.3

Common stock, $0.01 par value per share; 175,000,000 shares authorized; 32,725,786 and 33,227,551 shares issued as of December 31, 2014 and September 30, 2015, respectively		
Capital in excess of par value	394.1	402.3
Retained earnings	117.0	131.9
Treasury stock at cost, 2,617,305 and 2,774,268 shares at December 31, 2014 and September 30, 2015, respectively	(33.3)	(37.6)
	478.1	496.9
	$ 1,074.0	$ 1,060.0

See accompanying Notes to Condensed Consolidated Financial Statements

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PHARMERICA CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three and Nine Months Ended September 30, 2014 and 2015
(Unaudited)
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2015	2014	2015
Cash flows provided by (used in) operating activities:				
Net income	$8.5	$3.0	$3.6	$14.9
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation	4.9	5.7	14.5	17.2
Amortization	4.9	7.0	13.6	20.6
Merger, acquisition, integration costs and other charges	-	-	2.5	-
Stock-based compensation and deferred compensation	1.8	1.7	5.7	5.4
Amortization of deferred financing fees	0.5	0.1	1.8	0.4
Deferred income taxes	(4.0)	2.1	(3.3)	4.6
(Gain) Loss on disposition of equipment	-	-	(0.1)	0.1
Loss (Gain) on acquisition/disposition	0.1	-	(0.2)	-
Loss on debt extinguishment	4.3	-	4.3	-
Other	-	-	0.1	0.1
Change in operating assets and liabilities:				
Accounts receivable, net	(1.7)	3.4	10.4	1.2
Inventory	14.9	17.5	(16.3)	18.1
Prepaids and other assets	(15.1)	(7.7)	(26.2)	12.3
Accounts payable	(2.4)	3.6	(22.9)	(11.9)
Salaries, wages and other compensation	5.2	2.1	(2.7)	(0.9)
Other accrued and long-term liabilities	(5.7)	0.2	16.6	(10.2)
Change in income taxes payable (receivable)	3.7	(1.0)	(0.4)	(10.0)
Excess tax benefit from stock-based compensation	(0.2)	(0.2)	(3.4)	(2.3)
Net cash provided by (used in) operating activities	19.7	37.5	(2.4)	59.6
Cash flows provided by (used in) investing activities:				
Purchase of equipment and leasehold improvements	(6.2)	(6.6)	(19.0)	(17.6)
Acquisitions, net of cash acquired	(107.2)	(0.3)	(124.8)	(20.9)
Cash proceeds from the sale of assets	-	0.1	0.1	0.2
Cash proceeds from dispositions	-	-	0.4	-
Net cash used in investing activities	(113.4)	(6.8)	(143.3)	(38.3)
Cash flows provided by (used in) financing activities:				
Repayments of long-term debt	(225.0)	(2.8)	(231.3)	(2.8)

Borrowing of long-term debt	225.0	-	225.0	-
Net activity of long-term revolving credit facility	92.0	(9.0)	135.9	(10.0)
Payment of debt issuance costs	(2.7)	-	(2.7)	-
Issuance of common stock	0.4	-	3.4	0.7
Purchase of treasury stock	(0.2)	(0.4)	(5.1)	(4.3)
Excess tax benefit from stock-based compensation	0.2	0.2	3.4	2.3
Repayments of capital lease obligations	-	-	-	(0.5)
Net cash provided by (used in) financing activities	89.7	(12.0)	128.6	(14.6)
Change in cash and cash equivalents	(4.0)	18.7	(17.1)	6.7
Cash and cash equivalents at beginning of period	11.1	21.3	24.2	33.3
Cash and cash equivalents at end of period	$7.1	$40.0	$7.1	$40.0
Supplemental information:				
Cash paid for interest	$1.9	$3.2	$5.6	$6.2
Cash paid for taxes	$1.0	$2.4	$5.7	$19.4

See accompanying Notes to Condensed Consolidated Financial Statements

PHARMERICA CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Nine Months Ended September 30, 2015
(Unaudited)
(In millions, except share amounts)

	Common Stock		Capital in Excess of Par	Retained	Treasury	
	Shares	Amount	Value	Earnings	Stock	Total
Balance at December 31, 2014	30,108,481	$ 0.3	$ 394.1	$ 117.0	$ (33.3)	$ 478.1
Net income				14.9		14.9
Exercise of stock options and tax components of stock-based awards, net	139,133	-	2.8	-	-	2.8
Vested restricted stock units	219,625	-	-	-	-	-
Vested performance stock units	143,007	-	-	-	-	-
Treasury stock at cost	(156,963)	-	-	-	(4.3)	(4.3)
Stock-based compensation - non-vested restricted stock	-	-	5.3	-	-	5.3
Stock-based compensation - stock options	-	-	0.1	-	-	0.1
Balance at September 30, 2015	30,453,283	$ 0.3	$ 402.3	$ 131.9	$ (37.6)	$ 496.9

See accompanying Notes to Condensed Consolidated Financial Statements
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PHARMERICA CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

PharMerica Corporation together with its subsidiaries (the "Corporation"), is a leading provider of pharmacy services. The Corporation serves the long-term care, hospital pharmacy management services, specialty home infusion and specialty oncology pharmacy markets. The Corporation operates 94 institutional pharmacies, 15 specialty home infusion pharmacies, and 5 specialty oncology pharmacies in 45 states. The Corporation's customers are institutional healthcare providers, such as skilled nursing facilities, assisted living facilities, hospitals, individuals receiving in-home care and patients with cancer.

Operating Segments

The Corporation consists of three operating segments: institutional pharmacy, specialty infusion services and specialty oncology pharmacy. Management believes the nature of the products and services are similar, the payers for the products and services are common among the segments and all segments operate in the healthcare regulatory environment. In addition, the segments are economically similar. Accordingly, management has aggregated the three operating segments into one reporting segment.

Principles of Consolidation

All intercompany transactions have been eliminated.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and do not include all of the information and disclosures required by generally accepted accounting principles in the United States ("U.S. GAAP") for complete financial statements. Accordingly, the accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Corporation and related footnotes for the year ended December 31, 2014, included in the Corporation's Annual Report on Form 10-K. The balance sheet as of December 31, 2014 has been derived from the audited consolidated financial statements adjusted for acquisition related measurement period adjustments.

The results of operations for the interim periods are not necessarily indicative of results of operations for a full year. It is the opinion of management that all necessary adjustments for a fair presentation of the condensed consolidated financial statements for the interim periods have been made and are of a normal recurring nature.

Use of Estimates

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates are involved in collectability of accounts receivable, revenue recognition, inventory valuation, supplier rebates, the valuation of long-lived assets and goodwill, and accounting for income taxes. Actual amounts may differ from these estimates.

Fair Value of Financial Instruments

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Corporation follows a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs for which there is little or no market data, which require the Corporation to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques:

A. Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

B. Cost approach: Amount that would be required to replace the service capacity of an asset (replacement cost).

C. Income approach: Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

PHARMERICA CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Unaudited)

NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial liabilities recorded at fair value at December 31, 2014 and September 30, 2015 are set forth in the tables below (dollars in millions):

As of December 31, 2014	Liability	Level 1	Level 2	Level 3	Valuation Technique
Financial Liability					
Deferred Compensation Plan	$ (8.0)	$ -	$(8.0)	$-	A
Contingent Consideration	(1.1)	-	-	(1.1)	C
Mandatorily Redeemable Interest	(8.3)	-	-	(8.3)	C

As of September 30, 2015	Liability	Level 1	Level 2	Level 3	Valuation Technique
Financial Liability					
Deferred Compensation Plan	$ (7.9)	$ -	$(7.9)	$-	A
Contingent Considerations	(9.0)	-	-	(9.0)	C
Mandatorily Redeemable Interest	(7.0)	-	-	(7.0)	C

The deferred compensation plan liability represents an unfunded obligation associated with the deferred compensation plan offered to eligible employees and members of the Board of Directors of the Corporation. The fair value of the liability associated with the deferred compensation plan is derived using pricing and other relevant information for investments in phantom shares of certain available investment options, primarily mutual funds. This liability is classified as other long-term liabilities in the accompanying condensed consolidated balance sheets.

The contingent consideration represents future earn-outs associated with the Corporation's acquisition of an institutional pharmacy business purchased in 2013 and two infusion businesses purchased in 2014 and 2015. The fair values of the liabilities associated with the contingent consideration were derived using the income approach with unobservable inputs, which included future gross profit forecasts and present value assumptions, and there was little or no market data. The Corporation assessed the fair values of the liabilities as of the acquisition date and will assess quarterly thereafter until settlement. These liabilities are classified as current and other long-term liabilities in the accompanying condensed consolidated balance sheets.

The mandatorily redeemable interest represents a future obligation associated with the Corporation's acquisition of a specialty pharmacy business, OncoMed Specialty, LLC ("Onco"), purchased on December 6, 2013. The mandatorily redeemable interest is classified as a long-term liability and measured at fair value. The fair value was derived using the income approach with unobservable inputs, which included a future gross profit forecast and present value assumptions, and there was little or no market data. The Corporation assessed and adjusted the mandatorily redeemable interest's fair value of the liability at September 30, 2015.

For the year ended December 31, 2014 and the nine months ended September 30, 2015, there were no transfers between the valuation hierarchy Levels 1, 2, and 3. The following table summarizes the change in fair value of the Corporation's contingent consideration and mandatorily redeemable interest identified as Level 3 for the year ended December 31, 2014 and the nine months ended September 30, 2015 (in millions):

	Contingent Consideration	Mandatorily Redeemable Interest
Beginning balance, December 31, 2013	$ 0.7	$ 8.2
Additions from business acquisitions	1.1	-
Change in fair value	(0.7)	0.1
Balance, December 31, 2014	1.1	8.3
Additions from business acquisitions	7.9	-
Change in fair value	-	(1.3)
Balance, September 30, 2015	$ 9.0	$ 7.0

The carrying amounts reported in the accompanying condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, inventory and accounts payable approximate fair value because of the short-term maturity of these instruments. The carrying amount of the Corporation's debt approximates fair value due to the interest being set at variable market interest rates (Level 2).

PHARMERICA CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Unaudited)

NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable primarily consist of amounts due from Prescription Drug Plans ("PDPs") under Medicare Part D, institutional healthcare providers, the respective state Medicaid programs, third party insurance companies, and private payers. The Corporation's ability to collect outstanding receivables is critical to its results of operations and cash flows. To provide for accounts receivable that could become uncollectible in the future, the Corporation establishes an allowance for doubtful accounts to reduce the carrying value of such receivables to the extent it is probable that a portion or all of a particular account will not be collected.

The Corporation has an established a process to determine the adequacy of the allowance for doubtful accounts, which relies on analytical tools, specific identification, and benchmarks to arrive at a reasonable allowance. No single statistic or measurement determines the adequacy of the allowance for doubtful accounts. The Corporation monitors and reviews trends by payer classification along with the composition of the Corporation's aging accounts receivable. This review is focused primarily on trends in private and other payers, PDP's, dual eligible co-payments, historic payment patterns of long-term care institutions, and monitoring respective credit risks. In addition, the Corporation analyzes other factors such as revenue days in accounts receivables, denial trends by payer types, payment patterns by payer types, subsequent cash collections, and current events that may impact payment patterns of the Corporation's long-term care institutional customers. Accounts receivable are written off after collection efforts have been completed in accordance with the Corporation's policies.

The Corporation's accounts receivable and summarized aging categories are as follows (dollars in millions):

	(As Adjusted) December 31, 2014	September 30, 2015
Institutional healthcare providers	$ 153.2	$ 157.3
Medicare Part D	30.5	27.4
Private payer and other	30.6	30.2
Insured	24.5	25.4
Medicaid	11.7	10.0
Medicare	3.0	3.2
Allowance for doubtful accounts	(58.1)	(57.7)
	$ 195.4	$ 195.8
0 to 60 days	58.8 %	58.9 %
61 to 120 days	17.2 %	15.2 %
Over 120 days	24.0 %	25.9 %
	100.0 %	100.0 %

The following is a summary of activity in the Corporation's allowance for doubtful accounts (dollars in millions):

	Beginning Balance	Charges to Costs and Expenses	Write-offs	Ending Balance
Allowance for doubtful accounts:				
Year ended December 31, 2014	$ 56.7	$ 23.2	$ (21.8)	$ 58.1
Nine months ended September 30, 2015	$ 58.1	$ 9.5	$ (9.9)	$ 57.7

Goodwill and Other Intangibles

The Corporation's policy is to perform a quantitative assessment of its institutional pharmacy and specialty infusion reporting units to determine whether it is more likely than not (defined as having a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. The Corporation performed a quantitative assessment as of December 31, 2014. The fair values of the institutional pharmacy and specialty infusion reporting units as calculated for the analysis were approximately 48.2% and 13.1%, respectively, greater than book value as of December 31, 2014. The Corporation also performed a qualitative assessment of its specialty oncology reporting unit as of December 31, 2014 and did not find it necessary to perform the first step of the two-step impairment test based on that analysis.

There were no impairment triggering events during the nine months ended September 30, 2015.

The Corporation's finite-lived intangible assets are comprised primarily of trade names, customer relationship assets, limited distributor relationships, doctor and insurer relationships and non-compete agreements. Finite-lived intangible assets are amortized on a straight-line basis over the course of their lives ranging from 5 to 20 years. For impairment reviews, intangible assets are reviewed on a specific pharmacy basis or as a group of pharmacies depending on the intangible assets under review. The Corporation's goodwill and intangible assets are further described in Note 3.

Restructuring and Impairment Charges

Restructuring and impairment charges in the condensed consolidated financial statements represent amounts expensed for purposes of realigning corporate and pharmacy locations.

PHARMERICA CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Unaudited)

NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mandatorily Redeemable Interest

The Corporation acquired 37.5% of the membership interests of Onco while also obtaining control of the business. The subsidiary is consolidated in the Corporation's condensed consolidated financial statements and the mandatorily redeemable interest is classified as debt within other long-term liabilities in the condensed consolidated balance sheets.

Measurement Period Adjustments

For the nine months ended September 30, 2015, the Corporation has adjusted certain amounts on the condensed consolidated balance sheet as of December 31, 2014 as a result of measurement period adjustments related to acquisitions completed in the prior year (See Note 2).

NOTE 2—ACQUISITIONS

2015 Acquisition

The Corporation through its wholly owned subsidiary, Amerita, acquired Coastal Pharmaceutical Services Corporation ("InfusionRx Acquisition") on January 28, 2015. The InfusionRx Acquisition had an estimated purchase price of $27.9 million, comprised of a net cash payment of $20.0 million and an estimated fair value of contingent consideration of $7.9 million. The resulting amount of goodwill and identifiable intangibles related to this transaction in the aggregate were $18.1 million and $8.2 million, respectively. The Corporation believes the resulting amount of goodwill reflects its expectation of synergistic benefits of the acquisition. Tax deductible goodwill associated with the acquisition was $18.1 million as of September 30, 2015. The net assets and operating results of the acquisition have been included in the Corporation's condensed consolidated financial statements from the date of acquisition.

2014 Acquisitions

During the year ended December 31, 2014, the Corporation completed acquisitions of four long-term care businesses and one infusion business (collectively the "2014 Acquisitions"), none of which were individually significant to the Corporation. The 2014 Acquisitions required cash payments of approximately $115.2 million in the aggregate. The resulting amount of goodwill and identifiable intangibles related to these transactions in the aggregate were $40.9 million and $61.4 million, respectively. The Corporation believes the resulting amount of goodwill reflects its expectation of synergistic benefits of the acquisitions. Tax deductible goodwill associated with the 2014 Acquisitions was $30.7 million as of September 30, 2015. The net assets and operating results of the 2014 Acquisitions have been included in the Corporation's condensed consolidated financial statements from their respective dates of acquisition.

Amounts contingently payable related to the 2014 Acquisitions, representing payments originating from an earn-out provision of the infusion acquisition, were $1.1 million as of December 31, 2014 and September 30, 2015.

The amounts recognized as of the acquisition dates for the 2014 Acquisitions, on a combined basis, for assets acquired and liabilities assumed are as follows (dollars in millions):

	Amounts Recognized as of Acquisition Date	Measurement Period Adjustments	As Adjusted
Accounts receivable	$ 26.7	$ (0.3)	$ 26.4
Inventory	6.8	(0.2)	6.6
Deferred tax assets – current	1.8	-	1.8
Other current assets	3.1	(0.1)	3.0
Equipment and leasehold improvements	4.8	-	4.8
Deferred tax assets	8.2	(3.5)	4.7
Identifiable intangibles	61.4	-	61.4
Goodwill	34.9	6.0	40.9
Total Assets	147.7	1.9	149.6
Current liabilities	26.4	1.6	28.0
Other long-term liabilities	6.9	(0.5)	6.4
Total Liabilities	33.3	1.1	34.4
Total purchase price, less cash acquired	$ 114.4	$ 0.8	$ 115.2

PHARMERICA CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Unaudited)

NOTE 2—ACQUISITIONS (Continued)

Pro forma financial statements are not presented on the 2014 and 2015 acquisitions as the results are not material to the Corporation's condensed consolidated financial statements.

Other

For the three months ended September 30, 2014 and September 30, 2015, the Corporation incurred $3.7 million and $7.6 million, respectively, and $10.0 million and $14.7 million for the nine months ended September 30, 2014 and September 30, 2015, respectively, of acquisition-related costs, which have been classified as a component of merger, acquisition, integration costs and other charges.

NOTE 3—GOODWILL AND INTANGIBLES

As of December 31, 2014 (as adjusted) and September 30, 2015 the carrying amount of goodwill was $323.6 million and $341.8 million, respectively.

The following table presents the components of the Corporation's finite lived intangible assets (dollars in millions):

Finite Lived Intangible Assets	Balance at December 31, 2014	Additions	Balance at September 30, 2015
Customer relationships	$ 177.5	$ 7.0	$ 184.5
Trade name	62.2	0.6	62.8
Non-compete agreements	19.9	0.6	20.5
Sub Total	259.6	8.2	267.8
Accumulated amortization	(82.0)	(20.6)	(102.6)
Net intangible assets	$ 177.6	$ (12.4)	$ 165.2

Amortization expense relating to finite-lived intangible assets was $4.9 million and $7.0 million for the three months ended September 30, 2014 and 2015, respectively. Amortization expense relating to finite-lived intangible assets was $13.6 million and $20.6 million for the nine months ended September 30, 2014 and 2015, respectively.

NOTE 4—CREDIT AGREEMENT

On September 17, 2014, the Corporation entered into a credit agreement by and among the Corporation, the lenders named therein (the "Lenders"), Bank of America, N.A., as administrative agent, JP Morgan Chase Bank N.A., as syndication agent, and U.S. Bank, National Association, Citibank, N.A., MUFG Union Bank, N.A., BBVA Compass Bank and SunTrust Bank as co-documentation agents (the "Credit Agreement"). The Credit Agreement consists of a $225.0 million term loan facility and a $310.0 million revolving credit facility. The terms and conditions of the Credit Agreement are customary to facilities of this nature.

As of September 30, 2015, $222.2 million was outstanding under the term loan facility and $115.0 million was outstanding under the revolving credit facility. Indebtedness under the Credit Agreement matures on September 17, 2019, at which time the commitments of the Lenders to make revolving loans also expire.

The table below summarizes the total outstanding debt of the Corporation (dollars in millions):

	December 31, 2014	September 30, 2015
Term Debt - payable to lenders at LIBOR plus applicable margin (2.19% as of September 30, 2015), matures September 17, 2019	$ 225.0	$ 222.2
Revolving Credit Facility payable to lenders, interest at LIBOR plus applicable margin (2.15% of September 30, 2015), matures September 17, 2019	125.0	115.0
Capital lease obligations	0.7	0.2
Total debt	350.7	337.4
Less: Current portion of long-term debt	6.3	11.4
Total long-term debt	$ 344.4	$ 326.0

The Corporation's indebtedness has the following maturities as of September 30, 2015 (dollars in millions):

Year Ending December 31,	Term Debt	Revolving Credit Facility	Capital Lease Obligations	Total Maturities
2015	$2.8	$ -	$ 0.2	$ 3.0
2016	11.3	-	-	11.3
2017	11.3			