

CONSOLIDATED BALANCE SHEETS

(in thousands)

September 30,	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 123,736	\$ 70,263
Accounts receivable, less allowances for doubtful accounts of \$138,616 and \$116,785 at September 30, 2002 and 2001, respectively	418,264	350,941
Accounts receivable – other	36,163	29,195
Supplies, at cost	59,412	50,113
Prepaid expenses and other assets	19,622	19,026
Funds held by trustee	2,628	1,892
Deferred income taxes	35,961	43,801
Total current assets	<u>695,786</u>	<u>565,231</u>
Property, plant and equipment:		
Land and improvements	78,879	53,582
Buildings and improvements	964,100	824,363
Leaseholds	104,672	103,272
Equipment	518,129	435,903
Construction in progress	57,563	36,783
	<u>1,723,343</u>	<u>1,453,903</u>
Less: accumulated depreciation and amortization	(441,561)	(364,490)
Net property, plant and equipment	<u>1,281,782</u>	<u>1,089,413</u>
Funds held by trustee	1,450	1,791
Excess of cost over acquired net assets, net	335,313	251,315
Deferred charges and other assets	49,986	33,827
	<u>\$2,364,317</u>	<u>\$1,941,577</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 132,228	\$ 91,862
Accrued payroll and related taxes	39,397	31,942
Accrued expenses and other liabilities	61,381	41,675
Due to third party payors	21,900	14,500
Income taxes – currently payable	11,228	1,356
Current maturities of long-term debt	7,609	6,752
Total current liabilities	<u>273,743</u>	<u>188,087</u>
Deferred income taxes	17,861	34,286
Other long-term liabilities	42,793	36,565
Long-term debt	650,159	428,990
Minority interests in consolidated entities	33,009	—
Stockholders' equity:		
Preferred stock, \$.01 par value, 5,000 shares authorized	—	—
Common stock, Class A, \$.01 par value, 750,000 shares authorized, 261,067 and 258,074 shares issued September 30, 2002 and 2001, respectively	2,611	2,581
Additional paid-in-capital	373,214	340,192
Retained earnings	<u>1,271,583</u>	<u>1,025,147</u>
	<u>1,647,408</u>	<u>1,367,920</u>
Less: treasury stock, 22,500 and 12,639 shares at September 30, 2002 and 2001, respectively	(300,656)	(114,271)
Total stockholders' equity	<u>1,346,752</u>	<u>1,253,649</u>
	<u>\$2,364,317</u>	<u>\$1,941,577</u>

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

Year ended September 30,	2002	2001	2000
Net patient service revenue	\$ 2,262,601	\$ 1,879,801	\$ 1,577,767
Costs and expenses:			
Salaries and benefits	874,729	710,535	569,112
Supplies and other	650,852	535,926	458,817
Provision for doubtful accounts	172,430	143,923	135,862
Depreciation and amortization	95,328	90,646	74,499
Rent expense	47,048	40,850	38,118
Interest, net	15,543	19,970	25,364
Non-cash charge for retirement benefits and write down of assets held for sale	—	17,000	—
Total costs and expenses	1,855,930	1,558,850	1,301,772
Income before minority interests and income taxes	406,671	320,951	275,995
Minority interests in earnings of consolidated entities	1,009	—	—
Income before income taxes	405,662	320,951	275,995
Provision for income taxes	159,226	125,973	108,328
Net income	\$ 246,436	\$ 194,978	\$ 167,667
Net income per share:			
Basic	\$ 1.02	\$.80	\$.69
Diluted	\$.97	\$.76	\$.68
Weighted average number of shares outstanding:			
Basic	241,298	244,425	241,946
Diluted	260,641	264,351	247,277

See accompanying notes.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

Years ended September 30, 2002, 2001 and 2000	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock
	Shares	Par Value			
BALANCE AT SEPTEMBER 30, 1999	253,405	\$2,534	\$ 294,579	\$ 662,502	\$ (69,092)
Exercise of stock options	1,952	20	11,611	—	—
Income tax benefit from exercise of stock options	—	—	2,644	—	—
Purchase of treasury stock, at cost	—	—	—	—	(42,399)
Net income	—	—	—	167,667	—
BALANCE AT SEPTEMBER 30, 2000	255,357	2,554	308,834	830,169	(111,491)
Exercise of stock options	2,717	27	25,245	—	—
Income tax benefit from exercise of stock options	—	—	6,113	—	—
Purchase of treasury stock, at cost	—	—	—	—	(2,780)
Net income	—	—	—	194,978	—
BALANCE AT SEPTEMBER 30, 2001	258,074	2,581	340,192	1,025,147	(114,271)
Exercise of stock options	2,993	30	14,629	—	—
Income tax benefit from exercise of stock options	—	—	18,393	—	—
Purchase of treasury stock, at cost	—	—	—	—	(186,385)
Net income	—	—	—	246,436	—
BALANCE AT SEPTEMBER 30, 2002	<u>261,067</u>	<u>\$2,611</u>	<u>\$ 373,214</u>	<u>\$ 1,271,583</u>	<u>\$ (300,656)</u>

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

Year ended September 30,	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 246,436	\$ 194,978	\$ 167,667
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	95,328	90,646	74,499
Provision for doubtful accounts	172,430	143,923	135,862
Loss (gain) on sale of fixed assets	62	(6)	85
Change in deferred income taxes	(8,585)	(6,600)	(4,979)
Charges for retirement benefits and write down of assets held for sale	—	17,000	—
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(209,972)	(149,288)	(160,239)
Supplies	(4,656)	(9,993)	(4,802)
Prepaid expenses and other assets	479	(257)	(9,146)
Deferred charges and other assets	(1,035)	(6,018)	(10,426)
Accounts payable	29,746	13,315	4,632
Accrued expenses and other liabilities	7,915	2,053	1,785
Income taxes – currently payable	28,260	5,347	(15,512)
Other long-term liabilities	(2,272)	1,055	115
Net cash provided by operating activities	<u>354,136</u>	<u>296,155</u>	<u>179,541</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of facilities, net of cash acquired and purchase price adjustments	(300,179)	(100,894)	(130,402)
Additions to property, plant and equipment	(116,047)	(73,473)	(120,704)
Proceeds from sale of property, plant and equipment	41,074	3,357	207
Proceeds from sale of minority interests in consolidated entities	32,000	—	—
Net cash used in investing activities	<u>(343,152)</u>	<u>(171,010)</u>	<u>(250,899)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term borrowings	479,314	35,591	447,117
Principal payments on debt	(263,482)	(129,098)	(342,774)
Purchase of treasury stock, at cost	(186,385)	(2,780)	(42,399)
Proceeds from issuance of common stock	14,659	25,272	11,631
Payment of interest on debentures	(1,222)	(1,222)	—
(Decrease) increase in funds held by trustee	(395)	884	1,328
Net cash provided by (used in) financing activities	<u>42,489</u>	<u>(71,353)</u>	<u>74,903</u>
Net increase in cash and cash equivalents	53,473	53,792	3,545
Cash and cash equivalents at beginning of year	70,263	16,471	12,926
Cash and cash equivalents at end of year	<u>\$ 123,736</u>	<u>\$ 70,263</u>	<u>\$ 16,471</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Fair value of assets acquired (including cash)	\$ 292,456	\$ 63,049	\$ 136,649
Consideration: Cash paid	291,435	59,436	130,402
Liabilities assumed	<u>\$ 1,021</u>	<u>\$ 3,613</u>	<u>\$ 6,247</u>

See accompanying notes.