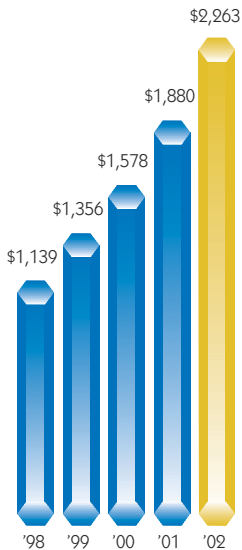
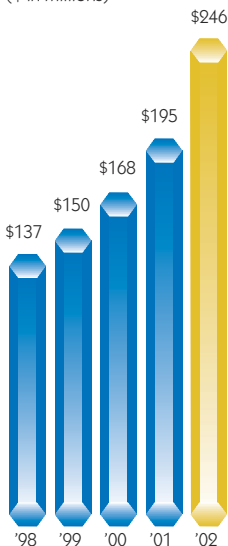


REPORT TO SHAREHOLDERS

REVENUE
(\$ in millions)



NET INCOME
(\$ in millions)



WE ACHIEVED UNINTERRUPTED growth in operating earnings for the 14th consecutive year—a consistency unmatched by any other public hospital company or, for that matter, most other public companies.

This performance is the result of our “Quality First” approach to every aspect of our hospital operations, acquisitions and financial management. It is the strategy that has driven our growth for the past quarter century, and it will remain the constant centerpiece of all our future strategies.

Compared to the results of the prior fiscal year, fiscal year 2002’s net patient service revenues increased 20% to \$2.3 billion, and diluted earnings per share before non-cash, non-recurring charges last year rose 21% to 97 cents. These gains in earnings resulted from a combination of higher revenues and consistent operations.

Higher revenues reflected the health care services provided at the hospitals we acquired in fiscal 2002, as well as a 7.6% increase in patient service revenues from the hospitals we owned for at least one year. Thus, it is the combination of hospital acquisitions and the organic growth achieved after we begin to operate those hospitals that has guided our prosperity year after year.

Underlying these achievements are the quality upgrades we provide to our hospitals — in buildings, equipment, and the dedicated health care professionals — doctors, technicians and nurses — that we recruit each year.

In this regard, we want to convey our deep appreciation this year to our nurses and recognize their contributions to HMA. Nurses are often the first contact our hospitals make with a patient, and our nurses are intimately involved with each patient on a daily and hourly basis.

Hospital Operations

On a year-to-year same hospital comparative basis, patient revenues, occupancy levels, admissions and the number of surgeries performed all posted healthy gains.

The hospitals we acquired in fiscal year 2002 accelerated our growth. The major categories by which we measure our hospitals’ progress recorded double digit growth in fiscal 2002.

Financial Matters

Last year we invested \$116 million in facility upgrades and state-of-the-art medical equipment. This sum was approximately one-third of our continually expanding cash flow from operations. It has enabled us to make multi-million dollar improvements to our hospitals each year without resorting to borrowed funds.

We purchased our headquarters office building in Naples, FL. It gives us the space we need to accommodate staff growth to manage our expanding hospital base.

We completed an offering of senior subordinated notes last January, netting the company \$277 million in proceeds. It will enable us to readily facilitate our acquisition strategy and simultaneously reduce interest expense.

We generated hospital operating margins that were 500 to 600 basis points higher than our peers, which has made HMA a self-funding growth company.

We recently instituted a quarterly cash dividend policy, paying 2 cents per share per quarter. The initial payment was made on December 2, 2002, to shareholders of record on November 8, 2002.

Last February, your Board of Directors authorized the purchase of up to 5 million shares of HMA common stock. We completed that purchase last August. The shares were added to our treasury

for acquisitions and the exercise of stock options.

We received preliminary approval from the State of Florida to build the Collier Regional Medical Center to be located near our corporate headquarters in Naples. The approval is the first step in building our new hospital in Collier County, which is among the fastest growing counties in the nation.

Independent Appraisals 2002

Standard & Poors put HMA in its S&P 500 index. It also upgraded our debt rating to "A-", which is the highest credit rating within the hospital industry.

Fortune magazine picked HMA stock as one of its top 40 stocks (among 4,000 companies surveyed) to outperform the stock market in 2003. In addition, *Forbes* magazine named us to its Platinum 400, its list of the best companies in America based on profitability, growth and return on capital and revenues.

National Issues

Physicians nationwide are finding it increasingly difficult to obtain malpractice insurance. Excessive jury awards have caused some insurance carriers to stop underwriting this risk, and others have increased premiums so high that doctors are leaving the medical field.

Clearly, the time has come for major tort reform. HMA is working with legislators and others to bring about changes that will enable physicians to focus on medicine, relieved of the burden of excessive insurance costs.

A nationwide shortage of nurses threatens many hospitals. To address this, we have instituted a successful and innovative program called "Nurse Select" that is already attracting nurses to our hospitals in increasing numbers.

HMA—25 years of growth, consistency and quality



William J. Schoen, Chairman (left), with Joseph V. Vumbacco, President and CEO

Outlook

We believe that HMA is better positioned now for accelerated growth than at any other time in its 25-year history.

With 43 hospitals, we have attained a critical mass that lends itself to greater economies of scale.

Our strong financial base gives us the capital to pursue attractive hospitals that simply lack capital for needed modernization.

Further, we are examining other acquisition opportunities, including non-urban areas in the West and central Midwest, thus expanding our geographic focus.

Finally, many "baby boomers" have begun to reach retirement age and relocate into our sunbelt markets. They are now beginning to experience the health problems associated with aging, which should lead to substantially increased health care demand.

In closing, we would like to extend our appreciation

to our physicians, nurses and other health care professionals. Their unwavering dedication to medicine has transformed us during the past 25 years from a fledgling health care entity to the largest and most successful hospital health care provider in non-urban America.

Sincerely,

William J. Schoen, Chairman

Joseph V. Vumbacco,
President and CEO

Naples, Florida
December 12, 2002