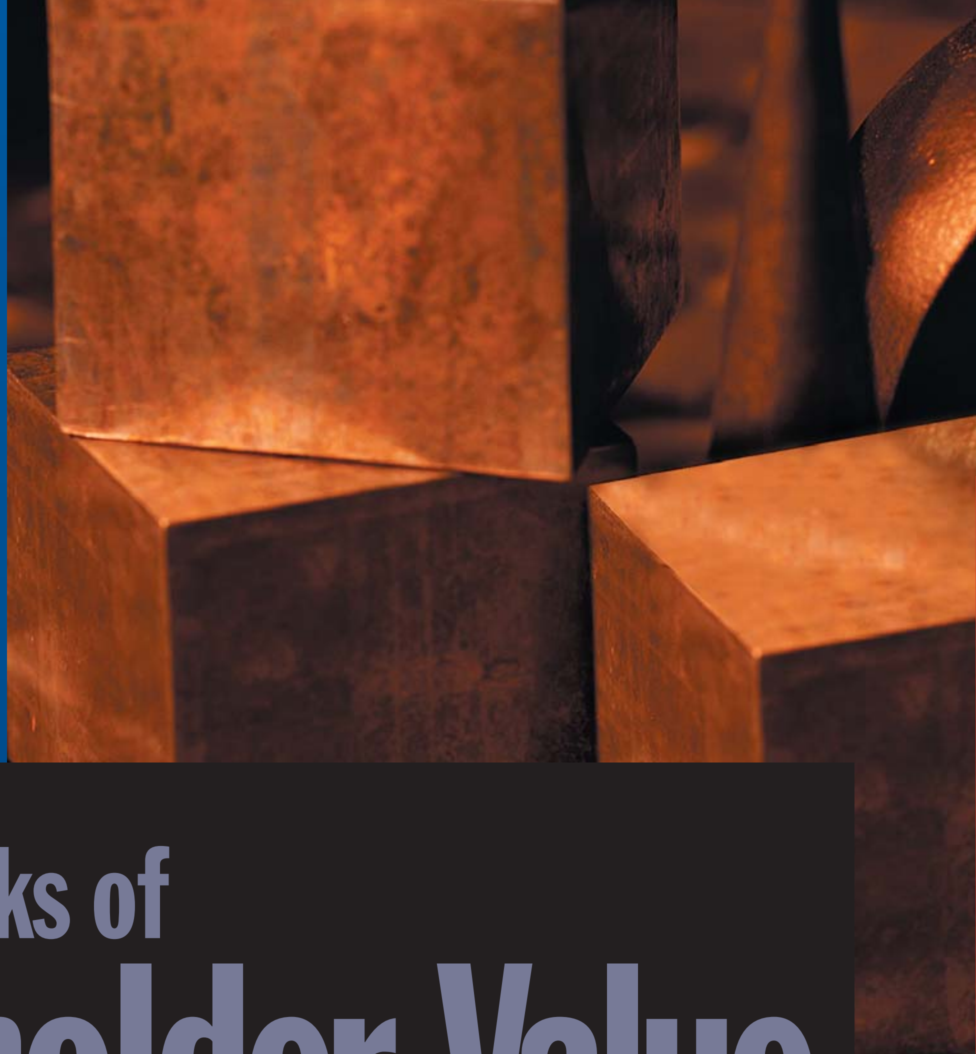


Building Blocks of Shareholder Value

- **PROVEN** BUSINESS MODEL
- **CONSISTENT** PROFITABLE GROWTH
- **SUSTAINABLE** RATE OF EXPANSION

AMSURG

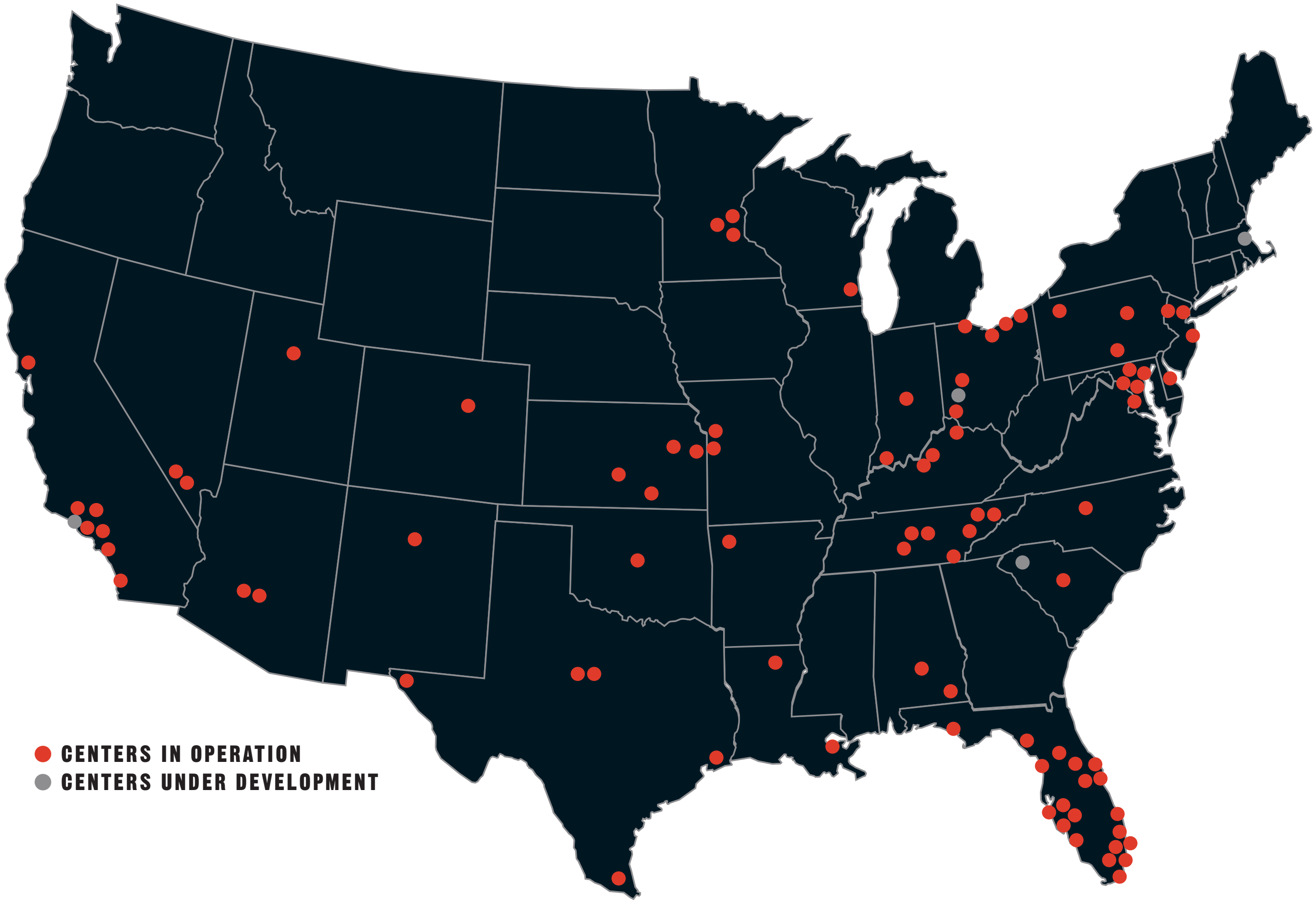
AMERICA'S SINGLE SPECIALTY SURGERY CENTER LEADER

2000 ANNUAL REPORT

AMSURG

AMERICA'S SINGLE SPECIALTY SURGERY CENTER LEADER

SURGERY CENTER LOCATIONS



ALABAMA
- Dothan
- Montgomery

ARIZONA
- Phoenix
- Sun City

ARKANSAS
- Fayetteville

CALIFORNIA
- Burbank
- Glendale
- Inglewood
- La Jolla
- Sebastopol
- Tarzana
- Torrance
- Westlake

COLORADO
- Denver

DELAWARE
- Dover

FLORIDA
- Boca Raton
- Cape Coral
- Coral Gables
- Crystal River
- Fort Lauderdale
- Fort Myers
- Hialeah
- Inverness
- Melbourne (3)
- Miami (2)
- Mount Dora
- Naples
- Ocala
- Panama City
- Sarasota (2)
- Tamarac

INDIANA
- Evansville
- Indianapolis

KANSAS
- Hutchinson
- Shawnee
- Topeka
- Wichita

KENTUCKY
- Crestview Hills
- Louisville (2)

LOUISIANA
- Metairie
- West Monroe

MARYLAND
- Baltimore
- Bel Air
- Chevy Chase
- Waldorf

MASSACHUSETTS
- Medford

MINNESOTA
- Minneapolis (3)

MISSOURI
- Independence
- Kansas City

NEVADA
- Las Vegas (2)

NEW JERSEY
- Florham Park
- Oakhurst
- West Orange

NEW MEXICO
- Santa Fe

NORTH CAROLINA
- Greensboro

OHIO
- Cincinnati
- Cleveland
- Lorain
- Middletown
- Sidney
- Toledo
- Willoughby

OKLAHOMA
- Oklahoma City

PENNSYLVANIA
- Hillmont
- Kingston
- Seneca

SOUTH CAROLINA
- Clemson
- Columbia

TENNESSEE
- Chatanooga
- Columbia
- Knoxville (2)
- Maryville
- Nashville (2)

TEXAS
- Abilene (2)
- Beaumont
- El Paso
- Harlingen

UTAH
- Salt Lake City

WASHINGTON D.C.

WISCONSIN
- Milwaukee

At March 31, 2001

COMPANY PROFILE

AmSurg Corp. develops, acquires and manages practice-based ambulatory surgery centers and specialty physician networks in partnership with surgical and other group physician practices. Headquartered in Nashville, Tennessee, AmSurg operated 87 ambulatory surgery centers at March 31, 2001. By focusing on the delivery of low cost, high quality, high patient satisfaction surgery services, AmSurg Corp. creates value for the three constituencies involved in every surgical procedure: the patient, the physician and the payer.

REVENUES
(In millions)

FINANCIAL HIGHLIGHTS

(In thousands, except per share and center data)

	For the Years Ended December 31, 2000	1999
OPERATING RESULTS:		
Revenues	$143,261	$101,446
Net earnings[1]	9,066	7,051
Adjusted diluted earnings per share[1]	$ 0.60	$ 0.48
Weighted average common shares outstanding (diluted)	15,034	14,778

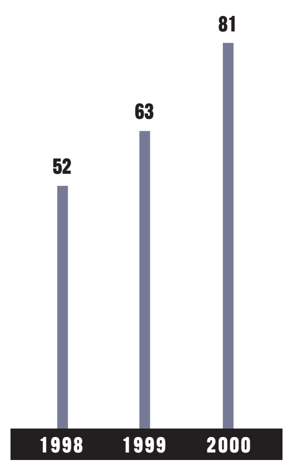
[1] *For 1999, before cumulative effect of an accounting change.*

[2] *Pro forma results excluding the operation of the Company's two physician practices, which were sold in 1998.*

	2000	1999
FINANCIAL POSITION AT YEAR END:		
Cash and cash equivalents	$ 7,688	$ 9,523
Working capital	26,589	21,029
Total assets	190,652	137,868
Long-term debt and other long-term obligations	71,832	34,901
Minority interest	21,063	17,358
Shareholders' equity	83,145	72,708
CENTER DATA:		
Centers at end of year	81	63
Procedures performed during year	288,494	207,754

EARNINGS PER DILUTED SHARE

CENTERS IN OPERATION



AMSURG

AMERICA'S SINGLE SPECIALTY SURGERY CENTER LEADER

FELLOW SHAREHOLDER:

AmSurg had another great year in 2000, with an added twist. As in each of the previous years since we became publicly held in December 1997, we achieved substantial growth in revenues, cash flow, earnings per share and same-center revenues for 2000. We opened or acquired a record number of new centers during the year and, through this activity, boosted the Company's ability to achieve its financial goals for 2001. We also significantly strengthened the Company's financial position with an expanded credit facility and, subsequent to the end of the year, through a successful public equity offering. By any measure, AmSurg's performance for 2000 enhanced its leadership position in the practice-based segment of the ambulatory surgery center industry and improved its potential for future profitable growth.

The added twist is that, unlike in previous years, the stock market noticed. The price of AmSurg's Class A Common Stock nearly quadrupled during 2000, to $24.37 per share at the close of the last business day of the year from $6.25 at the close of the first business day of the year, while the Class B Common Stock increased to $20.31 from $6.50. Although we attribute this growth to many variables, we believe the Company's historical financial performance and growth prospects are finally being recognized.

In this annual report, we highlight three of the building blocks that we believe have contributed to this expansion in the Company's shareholder value: a **proven business model** that has clearly demonstrated its ability to produce anticipated results; an extensive track record of **consistent profitable growth**; and tested growth strategies that are expected to continue to generate a significant **sustainable rate of expansion**. These building blocks have been supported by our consistent vision of AmSurg's potential to help its physician partners provide high quality health care at lower cost than typically achieved in alternative venues, as well as our strong strategic commitment to producing steady, long-term growth in earnings per share and in shareholder value. While the growth in our market valuation represents a significant positive change during the past year, we remain constant in both this vision and this commitment.

AMSURG'S RESULTS FOR 2000: EXTENDING A RECORD OF SUBSTANTIAL PROFITABLE GROWTH

AmSurg produced a 25% increase in diluted earnings per share in 2000, to a record $0.60 from $0.48 in 1999. Net earnings for the year increased 29% to $9.1 million from $7.1 million for the previous year, on a 41% increase in revenues to $143.3 million from $101.4 million. Among the other operating and financial highlights of AmSurg's performance for 2000 were:

- *the third consecutive year of double-digit same center revenue growth* – AmSurg's same-center revenues increased 10% for 2000, after increases of 10% for 1999 and 12% for 1998. Reflecting our success in helping our physician partners increase their market share, we continued to produce substantially all of this growth through increased procedures rather than price increases. Through the end of 2000, AmSurg had generated increased same-center revenues for each of the 12 quarters it had been a public company, in addition to 12 consecutive quarters of record revenues and earnings per share.

- *a record 18 new centers, expanding our center operating base by 29%* - AmSurg added 18 new centers to its operations during 2000, exceeding its expected range of 12 to 15 new centers for the year. With these new centers, the Company completed 2000 with 81 centers in operation, up 29% from 63 centers at the close of 1999. Of the new centers, nine were de novo centers and nine were acquired. Five of the acquired centers were purchased from Physicians Resource Group, Inc. (PRG), which, combined with our other ophthalmology centers, gave us the largest industry

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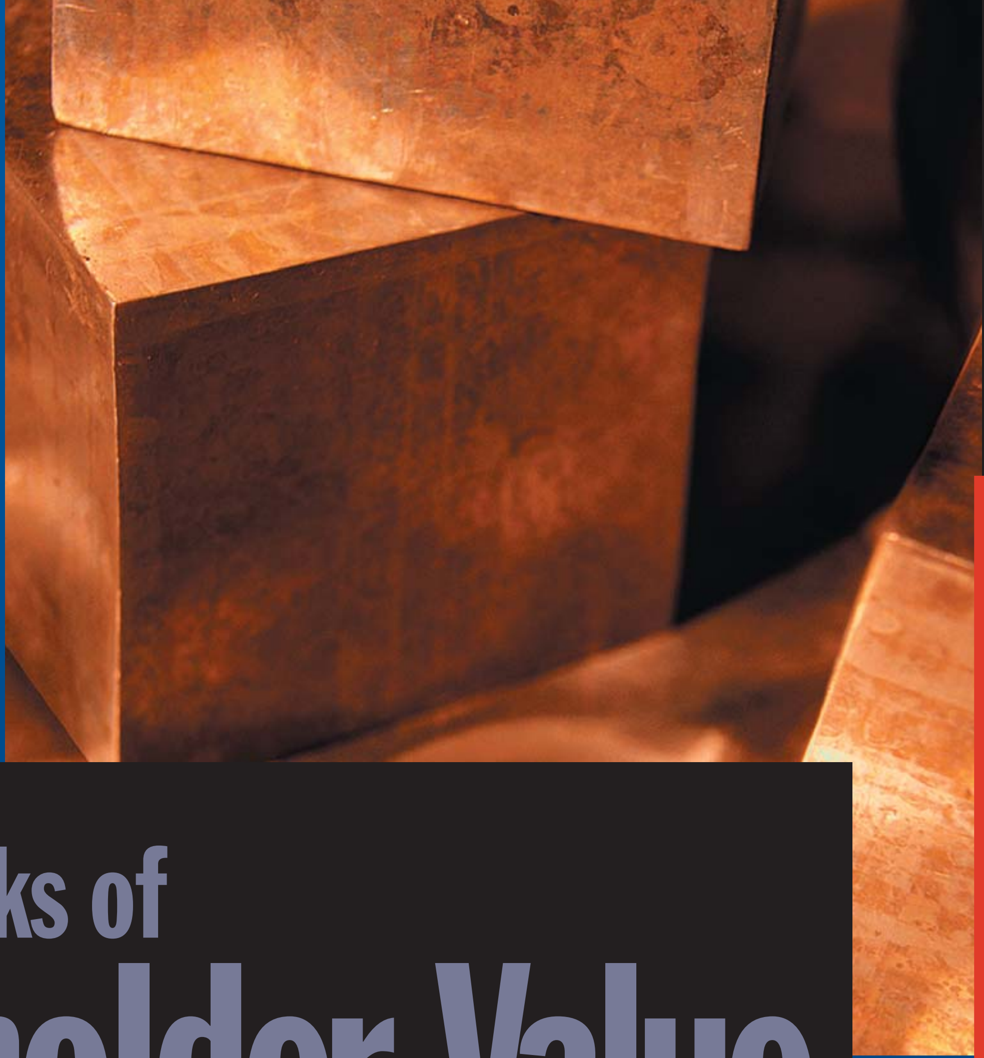

Building Blocks of Shareholder Value

· PROVEN BUSINESS MODEL

In a health care environment characterized by the national debate over quality of care issues and rising costs, the promise of AmSurg's business model – to provide high quality health care at lower costs – stands out for its potential for substantial growth in a large and growing ambulatory surgery center market. But promise does not equal results, and to succeed, AmSurg faces the difficult task of pleasing all three parties to every health care procedure – the physician, the patient and the payer – while producing an attractive return on its investment. With 87 centers in operation, and having generated double-digit same-center revenue growth for the last three consecutive years, we believe we have clearly proven the potential of AmSurg's business model.

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AMERICA'S SINGLE SPECIALTY SURGERY CENTER LEADER

presence in practice-based surgery centers for ophthalmology procedures, joining our dominant market position in gastroenterology surgery centers.

- *continued substantial cash flow from operations, which was more than double diluted earnings per share –* AmSurg produced cash flow from operations for 2000 of $18.5 million, or $1.23 per diluted share, continuing its trend of generating cash flow that is more than double net earnings and diluted net earnings per share. This level of cash flow has enabled the Company essentially to fund internally a large portion of its center acquisitions and development.

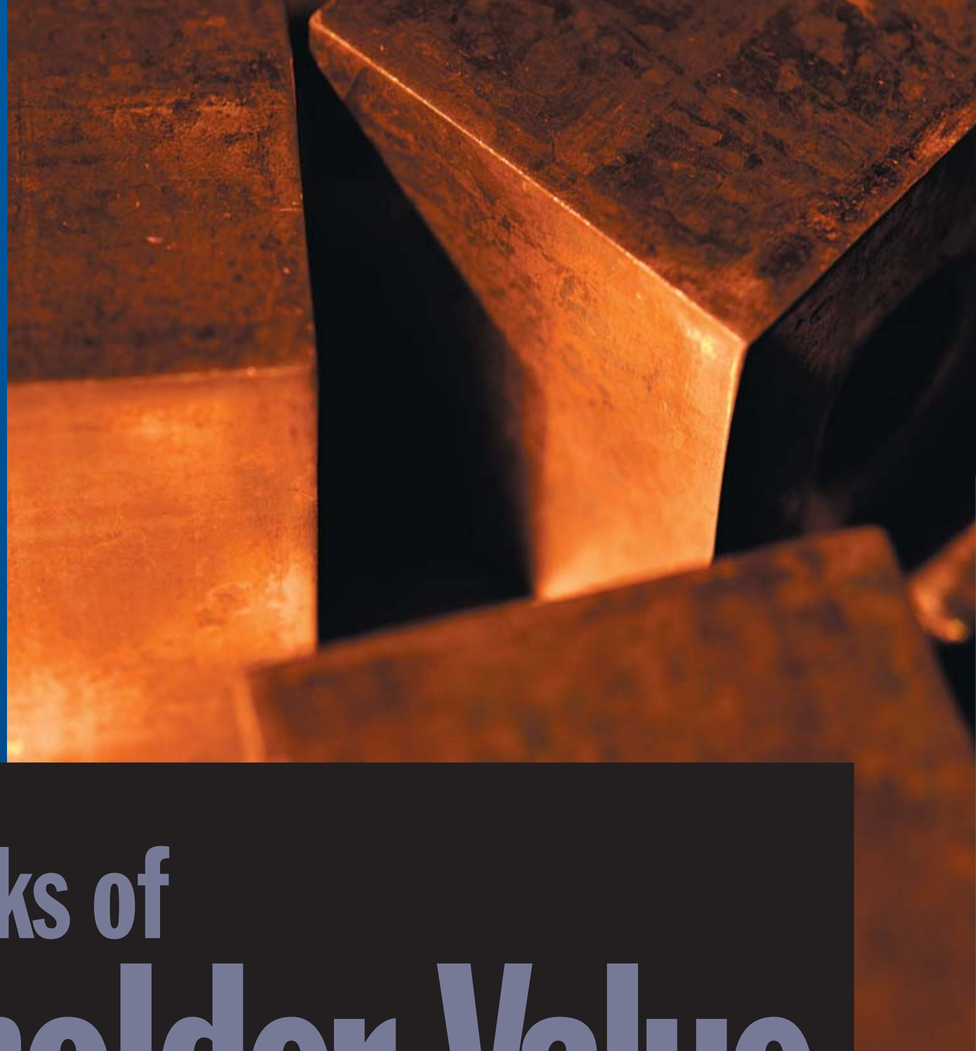
- *the expansion of our bank credit facility sufficient to fund long-term growth –* During 2000, AmSurg entered into a $100 million revolving credit facility with a three-year term which doubled our credit availability from its original $50 million. Having reduced our outstanding debt with the net proceeds of our stock offering completed in April 2001, we believe that this new facility and our cash flow from operations provide us the capacity to fund our planned growth for the foreseeable future.

- *the enactment of BIPA (The Benefits Improvement and Protection Act of 2000), clarifying the impact of HCFA's reimbursement rate proposal to AmSurg's future operating results –* By clarifying the terms under which the Health Care Financing Administration's (HCFA) proposed revisions to the ambulatory surgery center prospective payment system will be enacted, BIPA has effectively removed the uncertainty that has affected our industry since the revisions were first proposed in June 1998. Under BIPA, HCFA's proposal would become effective in January 2002, compared with the original implementation date of October 1998; would be phased in over four years, instead of all at once as originally proposed; and would require new rates by January 2003 based on a new cost survey, rather than the original data from a cost survey in 1994. This clarification supports our continued belief that the current reimbursement rate proposal will not have a material negative impact on the Company's future operating results.

Representative of the strong, long-term track record AmSurg has produced, the Company was included in the 2000 annual listing by *Forbes* of the "200 Best Small Companies" in America. Among other measures, the Company's ranking of 139th on the list was based on its annual compound growth in both revenues and earnings per share for the previous five years.

FIRST-QUARTER 2001 RESULTS CONTINUE KEY GROWTH TRENDS

AmSurg's profitable growth continued at a substantial pace for the first quarter of 2001, providing a solid foundation from which the Company can pursue its operating and financial goals for the year. Revenues increased 43% for the quarter, driving a 33% increase in net earnings and a 21% increase in earnings per diluted share. We were very pleased to have produced our 13th consecutive quarter of increased same-center revenues, with a 12% rise for the quarter, in addition to continuing our unbroken record of new highs in revenues and diluted earnings per share. We also acquired six centers during the quarter, increasing our centers in operation to 87 at the quarter's end, up 34% from 65 at the end of the first quarter of 2000. Two of the new centers were purchased from PRG, increasing the total number of centers purchased from PRG to eight.



Building Blocks of Shareholder Value

CONSISTENT PROFITABLE GROWTH

The consistency of AmSurg's growth demonstrates the Company's ability to execute its business model successfully. In each of the 13 consecutive quarters since AmSurg became public, the Company has produced growth in same-center revenues, total revenues, cash flow and earnings per share versus the comparable prior year quarter. Our dedication to providing a superior result in each surgical procedure must be constant; we are committed to providing the same consistency in our operating and financial results.

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PUBLIC EQUITY OFFERING SIGNIFICANTLY STRENGTHENS FINANCIAL POSITION

Subsequent to the end of the first quarter of 2001, we completed a public offering of 4.6 million shares of our Class A Common Stock at $18 per share, which raised net proceeds for AmSurg of approximately $76.6 million. Assuming the offering took place at the end of the first quarter and reflecting the use of net proceeds to repay borrowings, AmSurg's pro forma long-term debt and other long-term obligations at the end of the first quarter were $14.8 million, pro forma shareholders' equity was $162.6 million and pro forma debt to total capitalization was 10%. As a result of the offering, we believe our existing $100 million credit facility and anticipated cash flow from operations will be sufficient to fund our planned expansion for the foreseeable future.

POSITIVE OUTLOOK FOR CONTINUED SUBSTANTIAL PROFITABLE GROWTH FOR 2001

We believe AmSurg is well positioned to achieve substantial profitable growth for the remainder of 2001, based on two primary factors. First, similar to prior years, we expect much of our revenue growth for 2001 to be driven by full-year operations at the new centers added in 2000. With 13 of last year's 18 new centers added in the second half of the year, including seven added in the fourth quarter, we expect 2000's new centers to have a positive impact on revenues throughout the year.

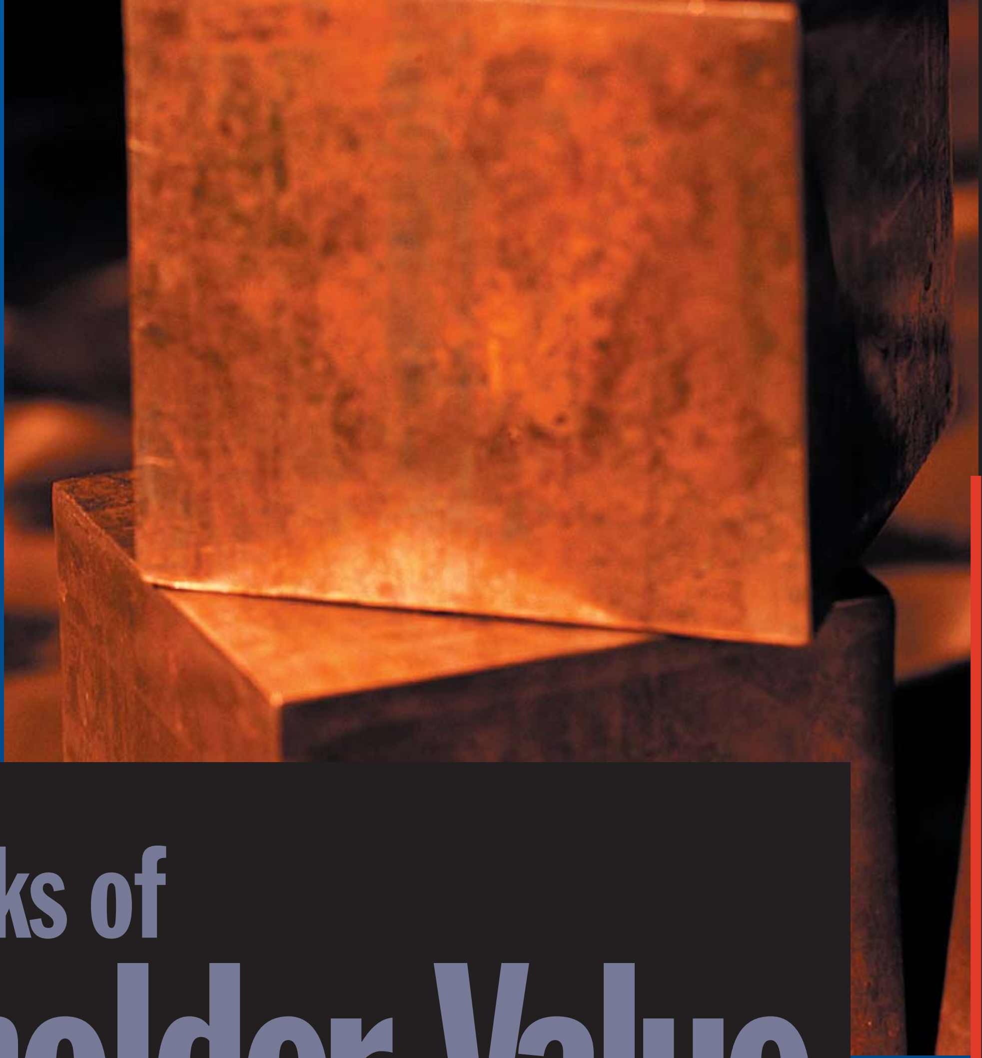
Second, we expect to continue to benefit from a significant, procedure-driven increase in same-center revenues for the remainder of the year. Our confidence in this expectation is the result of our strategic focus on increasing the market share of our existing centers in operation. To achieve this goal, we actively support our high quality physician partners with focused teams that work with each individual center to design and implement a strategic plan to achieve market dominance. We attribute our consistent historical growth in same-center revenues to the success of these plans, and we continue to target same-center revenue growth for the remainder of 2001 in a range of 7% to 9%.

Although we anticipate that the greatest positive impact from new centers opened or acquired during 2001 will occur in our 2002 results, we expect these new centers to make a positive net contribution to our growth in 2001, especially the six centers acquired in the first quarter of the year. As of the end of the first quarter, AmSurg also had four new centers under development, four centers under letter of intent and one de novo center awaiting certificate of need certification. We also remain in discussions with PRG regarding the possible purchase of its interests in one or two additional centers. This level of new center activity, combined with the six centers already acquired, supports the Company's ability to achieve its goal of 12 to 15 new-center additions for 2001.

Based on the growth potential of the practice-based segment of the ambulatory surgery center market and our advantages as the leading provider in this market segment, we have established a target range for annual growth in diluted earnings per share of 22% to 25%. With the momentum exhibited in our first quarter results, we remain comfortable with this targeted range for 2001.

To summarize our primary operating and financial targets for 2001:

- **Diluted earnings per share: 22% to 25% growth;**
- **Same-center revenues: 7% to 9% growth for the last three quarters of 2001; and**
- **New center additions: 12 to 15 for 2001.**



Building Blocks of Shareholder Value

SUSTAINABLE RATE OF EXPANSION

AmSurg is positioned to pursue a substantial long-term growth opportunity as the undisputed leader in the large and highly fragmented practice-based segment of the ambulatory surgery center industry. Rather than jeopardize this opportunity by overextending the Company in the pursuit of maximum short-term growth, we are continuing to implement a moderate new center expansion strategy with a high focus on the ongoing success of each of our surgery centers in operation. This strategy has driven our consistent profitable growth historically, and we are confident that we have the human, technical and financial resources in place to produce significant profitable growth for 2001.

KEN P. McDONALD
President and Chief Executive Officer

CLAIRE M. GULMI
Senior Vice President,
Chief Financial Officer and Secretary

SUMMARY

Our business demands consistently superior results. Each of our surgical procedures must be performed to the highest quality to ensure the best patient, physician and payer satisfaction. This dedication to quality and consistency is fundamental to our culture across the Company. We are also committed to applying the same dedication, control and discipline to our growth and results of operations that we and our physician partners bring to the surgery center. Our philosophy has never been growth at any cost, but rather profitable, long-term growth at a steady, controlled and sustainable pace. We believe that our financial results demonstrate the consistency with which we have achieved this goal and that the stock market has begun to recognize more fully our potential to achieve this goal consistently in the future.

This potential depends on AmSurg's proven ability to help its physician partners provide high quality care at lower cost. We strongly believe that this capability will continue to be a primary focus of the health care industry, and we fully recognize the demands this capability requires of people throughout our organization. We thank them and our physician partners for their ceaseless efforts and we praise their skill. We also thank you, as fellow investors in AmSurg, for your investment in the Company. If you are a long-term investor, we greatly appreciate your consistency through the years; if you are a more recent investor, welcome to the Company and thank you for the support your investment provides.

Sincerely,

Ken P. McDonald
President and Chief Executive Officer

SELECTED FINANCIAL DATA

	Years Ended December 31,				
	2000	1999	1998	1997	1996
	(In thousands, except per share data)				
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Revenues	**$143,261**	$101,446	$ 80,322	$ 57,414	$34,898
Operating expenses	**96,114**	69,428	63,370[1]	44,084[2]	26,191
Operating income	**47,147**	32,018	16,952	13,330	8,707
Minority interest	**27,702**	19,431	13,645	9,084	5,433
Interest and other expenses	**4,703**	1,122	1,499	2,396[3]	808
Earnings before income taxes and cumulative effect of an accounting change	**14,742**	11,465	1,808	1,850	2,466
Income tax expense	**5,676**	4,414	1,047	1,774	985
Net earnings before cumulative effect of an accounting change	**9,066**	7,051	761	76	1,481
Cumulative effect of a change in the method in which pre-opening costs are recorded	**–**	(126)	–	–	–
Net earnings	**9,066**	6,925	761	76	1,481
Accretion of preferred stock discount	**–**	–	–	286	22
Net earnings (loss) available to common shareholders	**$ 9,066**	$ 6,925	$ 761	$ (210)	$ 1,459
Basic earnings (loss) per common share:					
Net earnings (loss) before cumulative effect of an accounting change	**$ 0.62**	$ 0.49	$ 0.06	$ (0.02)	$ 0.17
Net earnings (loss)	**$ 0.62**	$ 0.48	$ 0.06	$ (0.02)	$ 0.17
Diluted earnings (loss) per common share:					
Net earnings (loss) before cumulative effect of an accounting change	**$ 0.60**	$ 0.48	$ 0.06	$ (0.02)	$ 0.16
Net earnings (loss)	**$ 0.60**	$ 0.47	$ 0.06	$ (0.02)	$ 0.16
Weighted average number of shares and share equivalents outstanding:					
Basic	**14,594**	14,429	12,247	9,453	8,689
Diluted	**15,034**	14,778	12,834	9,453	9,083

	At December 31,				
	2000	1999	1998	1997	1996
	(In thousands, except center data)				
CONSOLIDATED BALANCE SHEET DATA:					
Cash and cash equivalents	**$ 7,688**	$ 9,523	$ 6,070	$ 3,407	$ 3,192
Working capital	**26,589**	21,029	12,954	9,312	4,732
Total assets	**190,652**	137,868	98,421	75,238	54,653
Long-term debt and other long-term obligations	**71,832**	34,901	12,483	24,970	9,218
Minority interest	**21,063**	17,358	11,794	9,192	5,674
Preferred stock	**–**	–	–	5,268	4,982
Shareholders' equity	**83,145**	72,708	64,369	29,991	28,374
CENTER DATA:					
Centers at end of year	**81**	63	52	39	27
Procedures performed during year	**288,494**	207,754	156,521	101,819	71,323

(1) Includes a loss attributable to the sale of two partnership interests in two physician practices, which had an impact after taxes of reducing basic and diluted net earnings per share by $0.29 and $0.28, respectively, for the year ended December 31, 1998. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to the Consolidated Financial Statements - Note 3(c)."

(2) Includes a loss attributable to the sale of a partnership interest, net of a gain on the sale of a surgery center building and equipment, which had an impact after taxes of reducing basic and diluted net earnings per share by $0.16 for the year ended December 31, 1997.

(3) Reflects cost incurred related to the distribution of our common stock held by American Healthways, Inc. to American Healthways, Inc.'s stockholders, which had an impact of reducing basic and diluted earnings per share by $0.09.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements (all statements other than with respect to historical fact) within the meaning of the federal securities laws, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that all forward-looking statements involve known and unknown risks and uncertainties including, without limitation, those described below, some of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. Therefore there can be no assurance that the forward-looking statements included in this report will prove to be accurate. Actual results could differ materially and adversely from those contemplated by any forward-looking statement. In light of the significant risks and uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. We undertake no obligation to publicly release any revisions to any forward-looking statements in this discussion to reflect events and circumstances occurring after the date hereof or to reflect unanticipated events.

Forward-looking statements and our liquidity, financial condition and results of operations may be affected by our ability to enter into partnership or operating agreements for new practice-based ambulatory surgery centers; our ability to identify suitable acquisition candidates and negotiate and close acquisition transactions; our ability to obtain the necessary financing or capital on terms satisfactory to us in order to execute our expansion strategy; our ability to manage growth; our ability to contract with managed care payers on terms satisfactory to us for our existing centers and our centers that are currently under development; our ability to obtain and retain appropriate licensing approvals for our existing centers and centers currently under development; our ability to minimize start-up losses of our development centers; our ability to maintain favorable relations with our physician partners; the implementation of the proposed rule issued by the Health Care Financing Administration which would update the ratesetting methodology, payment rates, payment policies and the list of covered surgical procedures for ambulatory surgery centers; risks associated with our status as a general partner of the limited partnerships; and risks relating to our technological systems. Additionally, with regard to the remaining transactions with Physicians Resource Group factors include, but are not limited to, the parties' respective abilities to consummate the remaining transactions contemplated thereunder; our ability to enter into partnership or operating agreements with the physician owners of the remaining Physicians Resource Group surgery centers; our ability to effectively integrate the operations of the Physicians Resource Group surgery centers into our operations; and our ability to operate the Physicians Resource Group surgery centers profitably.

OVERVIEW

We develop, acquire and operate practice-based ambulatory surgery centers in partnership with physician practice groups. As of December 31, 2000, we owned a majority interest (51% or greater) in 81 surgery centers.

We operated as a majority owned subsidiary of American Healthways from 1992 until December 3, 1997 when American Healthways distributed to its stockholders all of its holdings in AmSurg common stock in a spin-off transaction.

The following table presents the changes in the number of surgery centers in operation and centers under development for the years ended December 31, 2000, 1999 and 1998. We consider a center to be under development when a partnership or limited liability company has been formed with the physician group partner to develop the center.

	2000	1999	1998
Centers in operation, beginning of year	**63**	52	39
New center acquisitions placed in operation	**9**	10	7
New development centers placed in operation	**9**	1	7
Centers sold	**–**	–	(1)
Centers in operation, end of year	**81**	63	52
Centers under development, end of year	4	12	5

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Of the surgery centers in operation as of December 31, 2000, 53 centers perform gastrointestinal endoscopy procedures, 24 centers perform ophthalmology surgery procedures, one center performs orthopedic procedures, one center performs otolaryngology procedures and two centers perform procedures in more than one specialty. The other partner or member in each partnership or limited liability company is generally an entity owned by physicians who perform procedures at the center. We intend to expand primarily through the development and acquisition of additional practice-based ambulatory surgery centers in targeted surgical specialties and through future same-center growth. As of March 6, 2001, we had acquired interests in five additional surgery centers.

On January 31, 2000, we signed a definitive agreement with Physicians Resource Group for the purchase of a portion of Physicians Resource Group's ownership interest in certain single specialty ophthalmology surgery centers for approximately $40 million in cash. In addition, we may purchase additional centers from Physicians Resource Group upon completion of satisfactory due diligence and negotiation of partnership or operating agreements with the physician owners of the remaining interest. As of December 31, 2000, we had purchased from Physicians Resource Group six surgery centers and were pursuing additional acquisitions of up to three surgery centers from Physicians Resource Group. Of these three additional centers, two were acquired in the first quarter of 2001. Physicians Resource Group filed for bankruptcy in the United States Bankruptcy Court for the Northern District of Texas on February 1, 2000.

In 1998, we disposed of our interests in two physician practices as part of an overall strategy to exit the practice management business and focus solely on the development, acquisition and operation of ambulatory surgery centers. Accordingly, we recorded a charge of $3.6 million, net of income tax benefit of $1.8 million, in the second quarter of 1998 for the estimated loss on the disposal of these assets. See "Notes to the Consolidated Financial Statements – Note 3(c)."

While we generally own 51% to 70% of the entities that own the surgery centers, our consolidated statements of operations include 100% of the results of operations of the entities, reduced by the minority partners' share of the net earnings or loss of the surgery center entities.

SOURCES OF REVENUES

Substantially all our revenue is derived from facility fees charged for surgical procedures performed in our surgery centers. This fee varies depending on the procedure, but usually includes all charges for operating room usage, special equipment usage, supplies, recovery room usage, nursing staff and medications. Facility fees do not include the charges of the patient's surgeon, anesthesiologist or other attending physicians, which are billed directly by the physicians. Historically, our other significant source of revenues had been the fees for physician services performed by two physician group practices in which we owned a majority interest. However, as a result of the disposition of these practices occurring in 1998, we no longer earn such revenue.

Practice-based ambulatory surgery centers such as those in which we own a majority interest depend upon third-party reimbursement programs, including governmental and private insurance programs, to pay for services rendered to patients. We derived approximately 37%, 38% and 41% of our revenues in the years ended December 31, 2000, 1999 and 1998, respectively, from governmental healthcare programs, primarily Medicare. The Medicare program currently pays ambulatory surgery centers and physicians in accordance with predetermined fee schedules.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table shows certain statement of operations items expressed as a percentage of revenues for the years ended December 31, 2000, 1999 and 1998:

	2000	1999	1998
Revenues	**100.0%**	100.0%	100.0%
Operating expenses:			
Salaries and benefits	**27.8**	27.4	28.6
Supply cost	**11.6**	11.3	11.4
Other operating expenses	**20.5**	22.5	23.9
Depreciation and amortization	**7.2**	7.2	8.2
Net loss on sale of assets	**–**	–	6.8
Total operating expenses	**67.1**	68.4	78.9
Operating income	**32.9**	31.6	21.1
Minority interest	**19.3**	19.2	17.0
Interest expense, net of interest income	**3.3**	1.1	1.9
Earnings before income taxes and cumulative effect of an accounting change	**10.3**	11.3	2.2
Income tax expense	**4.0**	4.4	1.3
Net earnings before cumulative effect of an accounting change	**6.3**	6.9	0.9
Cumulative effect of a change in the method in which pre-opening costs are recorded	**–**	0.1	–
Net earnings	**6.3%**	6.8%	0.9%

YEAR ENDED DECEMBER 31, 2000 COMPARED TO YEAR ENDED DECEMBER 31, 1999

Revenues were $143.3 million in 2000, an increase of $41.8 million, or 41%, over revenues in 1999. The increase is primarily attributable to additional centers in operation in 2000 and same-center revenue growth of 10%. Same-center growth is primarily attributable to additional procedure volume.

Salaries and benefits expense was $39.8 million in 2000, an increase of $11.9 million, or 43%, over salaries and benefits expense in 1999. This increase resulted primarily from 18 additional centers in operation and from an increase in corporate staff primarily to support growth in the number of centers in operation and anticipated future growth.

Supply cost was $16.6 million in 2000, an increase of $5.1 million, or 44%, over supply cost in 1999. This increase resulted primarily from a 39% increase in procedures over 1999 and an increased mix of ophthalmology procedures, which require more costly supplies than gastroenterology procedures, our predominant procedure type.

Other operating expenses were $29.4 million in 2000, an increase of $6.7 million, or 29%, over other operating expenses in 1999. This increase resulted primarily from additional centers in operation, which increased 26% over the average number of centers in operation in 1999. As a percentage of revenues, other operating expenses decreased by 2%. This is due to the fact that other operating expenses includes many fixed expenses such as rents, operating taxes and utilities, which contribute to higher profit margins when same-center revenues increase.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We anticipate further increases in operating expenses in 2001 primarily due to additional start-up centers and acquired centers expected to be placed in operation. Typically a start-up center will incur start-up losses while under development and during its initial months of operations and will experience lower revenues and operating margins than an established center until its case load grows to a more optimal operating level, which generally is expected to occur within 12 months after a center opens. At December 31, 2000, we had four centers under development and nine centers that had been open for less than one year.

Depreciation and amortization expense increased $3.0 million, or 41%, in 2000 over 1999, primarily due to 18 additional surgery centers in operation in 2000 compared to 1999, as well as additional excess of cost over net assets of purchased operations acquired throughout 2000 and 1999.

Our minority interest in earnings in 2000 increased by $8.3 million, or 43%, over 1999 primarily as a result of minority partners' interest in earnings at surgery centers recently added to operations and from increased same-center profitability.

Interest expense increased $3.6 million, or 319%, in 2000 in comparison to 1999 due to an increase in debt assumed or incurred in connection with additional acquisitions of interests in surgery centers in late 1999 and throughout 2000, together with the interest expense associated with newly opened start-up surgery centers financed partially with bank debt. We also experienced higher interest rates in 2000 compared to 1999.

We recognized income tax expense of $5.7 million in 2000, compared to $4.4 million in 1999. Our effective tax rate in 2000 and 1999 was 38.5% of net earnings before income taxes and cumulative effect of an accounting change and differed from the federal statutory income tax rate of 34% primarily due to the impact of state income taxes.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

Revenues were $101.4 million in 1999, an increase of $21.1 million, or 26%, over revenues in 1998. The increase is primarily attributable to additional centers in operation in 1999 and same-center revenue growth of 10%. Same-center growth is primarily attributable to additional procedure volume.

Salaries and benefits expense was $27.9 million in 1999, an increase of $4.9 million, or 22%, over salaries and benefits expense in 1998. This increase resulted primarily from additional centers in operation and from an increase in corporate staff primarily to support growth in the number of centers in operation and anticipated future growth. The increase was offset in part by a $2.0 million decrease due to the absence of physician salaries of a practice disposed of in June 1998, which also contributed to a decrease in salaries and benefits expense as a percentage of revenues in 1999.

Supply cost was $11.5 million in 1999, an increase of $2.3 million, or 25%, over supply cost in 1998. This increase resulted primarily from a 33% increase in procedures over 1998.

Other operating expenses were $22.8 million in 1999, an increase of $3.6 million, or 19%, over other operating expenses in 1998. This increase also resulted primarily from additional centers in operation but was offset by a $2.1 million reduction in physician practice expenses of the practices disposed of in 1998. As a percentage of revenues, other operating expenses dropped by 1%. This is due to the fact that other operating expenses included many fixed expenses such as rents, operating taxes and utilities, which lead to higher profit margins when same-center revenues increase.

Depreciation and amortization expense increased $0.7 million, or 11%, in 1999 over 1998, primarily due to 11 additional surgery centers in operation in 1999 compared to 1998. This increase was offset by a reduction in the depreciation, amortization of excess of cost over net assets of purchased operations and deferred pre-opening cost in the aggregate of approximately $1.0 million in 1999 due to physician practices sold in 1998 and the adoption in 1999 of Statement of Position, or SOP, No. 98-5 *"Reporting on Cost of Start-Up Activities,"* as further discussed below.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We experienced no significant capital gain/loss transactions in 1999. The net loss on sale of assets in 1998 primarily resulted from our decision to exit the physician practice management business. In the second quarter of 1998, we reduced the carrying value of the long-lived assets of the practices held for sale by approximately $5.4 million based on the estimated sales proceeds less estimated costs to sell. The ultimate disposition of the practices, which occurred later in 1998, resulted in no significant change from the estimate originally recorded in the second quarter of 1998.

Our minority interest in earnings in 1999 increased by $5.8 million, or 42%, over 1998 primarily as a result of minority partners' interest in earnings at surgery centers recently added to operations and from increased same-center profitability. Minority interest as a percentage of revenues increased in 1999 compared to 1998 primarily as a result of the absence of physician practice revenues of the practices disposed of in 1998 which are not as marginally profitable to our respective minority partners as are our existing surgery centers, as well as increased same-center profitability as a result of same-center revenue growth.

Interest expense decreased $0.4 million, or 25%, in 1999 in comparison to 1998 due to the repayment of long-term debt from the proceeds of the public offering in June 1998 (see "Liquidity and Capital Resources") and a decrease in our borrowing rate due to a decrease in borrowing levels. The reduction in interest expense was partially offset by an increase in debt assumed or incurred in connection with additional acquisitions of interests in surgery centers in late 1998 and throughout 1999, together with the interest expense associated with newly opened start-up surgery centers financed partially with bank debt.

We recognized income tax expense of $4.4 million in 1999, compared to $1.0 million in 1998. Excluding the impact of the practice dispositions in 1998, our effective tax rate in 1999 and 1998 was 38.5% and 40.0%, respectively, of net earnings before income taxes and cumulative effect of an accounting change and differed from the federal statutory income tax rate of 34% primarily due to the impact of state income taxes.

Prior to January 1, 1999, deferred pre-opening costs, which consist of costs incurred for surgery centers while under development, had been amortized over one year, starting upon the commencement date of operations. In 1999 we adopted SOP No. 98-5, which requires that pre-opening costs be expensed as incurred and that upon adoption all unamortized deferred pre-opening costs be expensed as a cumulative effect of a change in accounting principle. Accordingly, as of January 1, 1999, we expensed $126,000, net of minority interest and income taxes, as a cumulative effect of an accounting change.

QUARTERLY STATEMENT OF EARNINGS DATA

The following table presents certain quarterly statement of earnings data for the years ended December 31, 1999 and 2000. The quarterly statement of earnings data set forth below was derived from our unaudited financial statements and includes all adjustments, consisting of normal recurring adjustments, which we consider necessary for a fair presentation thereof. Results of operations for any particular quarter are not necessarily indicative of results of operations for a full year or predictive of future periods.

	1999				**2000**			
	Q1(1)	Q2	Q3	Q4	**Q1**	**Q2**	**Q3**	**Q4**
	(In thousands, except per share data)							
Revenues	$23,394	$24,677	$25,386	$27,989	**$31,633**	**$34,590**	**$36,717**	**$40,321**
Earning before income taxes and cumulative effect of an accounting change	2,544	2,819	2,913	3,189	**3,290**	**3,585**	**3,700**	**4,167**
Net earnings	1,439	1,733	1,792	1,961	**2,023**	**2,205**	**2,275**	**2,563**
Diluted earnings per common share	$ 0.10	$ 0.12	$ 0.12	$ 0.13	**$ 0.14**	**$ 0.15**	**$ 0.15**	**$ 0.17**

(1) Includes a charge of $126,000, net of income taxes, or $0.01 per share, for the cumulative effect of an accounting change related to the method in which pre-opening costs are recorded.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2000, we had working capital of $26.6 million compared to $21.0 million at December 31, 1999. Operating activities for 2000 generated $18.5 million in cash flow from operations compared to $16.8 million in 1999. Cash and cash equivalents at December 31, 2000 and 1999 were $7.7 million and $9.5 million, respectively.

During 2000, we used approximately $30.7 million to acquire interests in practice-based ambulatory surgery centers. In addition, we made capital expenditures primarily for new start-up surgery centers and for new or replacement property at existing centers which totaled $13.4 million in 2000, of which $0.7 million was funded from the capital contributions of our minority partners. We used our cash flow from operations and net borrowings of long-term debt of $23.2 million to fund our acquisition and development obligations. At December 31, 2000, we had outstanding obligations associated with recent acquisitions of $10.5 million in the form of a combination of notes payable and other obligations, which we funded through additional borrowings of long-term debt in January 2001. At December 31, 2000, we and our partnerships and limited liability companies had unfunded construction and equipment purchase commitments for centers under development of approximately $0.7 million, which we intend to fund through additional borrowings of long-term debt, operating cash flow and capital contributions by minority partners.

During 2000, we raised approximately $0.7 million from the issuance of stock under our employee stock option plans.

On May 5, 2000, we refinanced and amended our revolving credit facility to permit us to borrow up to $100.0 million to finance our acquisition and development projects at a rate equal to, at our option, the prime rate or LIBOR plus a spread of 1.5% to 3.0%, depending upon borrowing levels. The amended loan agreement provides for a fee ranging between 0.375% to 0.50% of unused commitments based on borrowing levels. The loan agreement also prohibits the payment of dividends and contains covenants relating to the ratio of debt to net worth, operating performance and minimum net worth. We were in compliance with all covenants at December 31, 2000. At December 31, 2000, borrowings under the amended credit facility were $55.5 million, are due in May 2003, and are secured primarily by a pledge of the stock of our subsidiaries and our membership interests in the LLCs. During 2000, we incurred approximately $0.9 million in financing costs associated with the amended credit facility.

On June 12, 1998, the Department of Health and Human Services, or DHHS, published a proposed rule that would update the ratesetting methodology, payment rates, payment policies and the list of covered surgical procedures for ambulatory surgery centers. The proposed rule reduces the rates paid for certain ambulatory surgery center procedures reimbursed by Medicare, including a number of endoscopy and ophthalmology procedures performed at our centers. DHHS initially planned to implement these new rates in the spring of 2001. However, the Benefits Improvement and Protection Act of 2000, or BIPA, made three changes to the June 1998 proposed rule. First, BIPA deferred the date on which the proposal becomes effective to January 2002; second, BIPA requires the phase-in of the new rates over four years; and third, it requires that beginning in January 2003, DHHS use data based on a new surgery center cost survey from 1999 or later in calculating new rates.

We estimate that if full implementation of the new rates occurred in January 2002, they would adversely affect our annual revenues by 4% based on the proposed rates and our historical procedure mix. However, we believe due to the four year phase-in of the new rates, coupled with updated rates based on a new cost survey to be used in 2003 and cost efficiencies we expect to implement at both the center and corporate level, that our financial results will not be materially impacted by the rule's implementation. There can be no assurance that the implementation of this rule will not adversely impact our financial condition, results of operation and business prospects.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 133, *"Accounting for Derivative Instruments and Hedging Activities."* We adopted this pronouncement on January 1, 2001, which had no impact on our consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SEC Staff Accounting Bulletin, or SAB, No. 101, "*Revenue Recognition in Financial Statements,*" released in December 1999 provides guidance for applying generally accepted accounting principles to selected revenue recognition issues. The implementation of SAB No. 101 was required no later than the fourth fiscal quarter of fiscal year 2000 and had no impact on our consolidated financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to market risk from exposure to changes in interest rates based on our financing, investing and cash management activities. We utilize a balanced mix of debt maturities along with both fixed-rate and variable-rate debt to manage our exposures to changes in interest rates. Our debt instruments are primarily indexed to the prime rate or LIBOR. Although there can be no assurances that interest rates will not change significantly, we do not expect changes in interest rates to have a material effect on income or cash flows in 2001.

The table below provides information as of December 31, 2000 and 1999 about our long-term debt obligations based on maturity dates that are sensitive to changes in interest rates, including principal cash flows and related weighted average interest rates by expected maturity dates.

	Years Ended December 31,						*Fair Market Value at December 31,*
	2001	2002	2003	2004	2005	2006	2000
	(In thousands, except percentage data)						
Fixed rate	$ 1,643	$ 1,643	$ 1,140	$ 416	$ 213	$ 55	$ 5,110
Average interest rate	8.30%	8.55%	8.49%	8.59%	9.00%	9.00%	
Variable rate	$ 653	$ 322	$ 55,797	$ 290	$ –	$ –	$ 57,062
Average interest rate	8.81%	8.96%	8.69%	9.00%	–	–	

	Years Ended December 31,					*Fair Market Value at December 31,*
	2000	2001	2002	2003	2004	1999
	(In thousands, except percentage data)					
Fixed rate	$ 1,101	$ 922	$ 554	$ 291	$ 93	$ 2,961
Average interest rate	8.08%	7.85%	7.93%	7.76%	7.89%	
Variable rate	$ 708	$ 32,016	$ 390	$ 370	$ 265	$ 33,749
Average interest rate	5.58%	7.70%	8.66%	8.20%	6.00%	

The difference in maturities of long-term obligations principally resulted from the refinancing of our revolving credit facility on May 5, 2000, which increased our borrowing capacity from $50.0 million to $100.0 million and extended the maturity date to 2003. Outstanding borrowings under this facility at December 31, 2000 increased as compared to December 31, 1999 due to the acquisition of additional surgery centers. The average interest rates on these borrowings at December 31, 2000 increased as compared to December 31, 1999 due to higher borrowing levels and an overall increase in market rates.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	December 31, 2000	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,688	$ 9,523
Accounts receivable, net of allowance of $2,506 and $2,265, respectively	24,468	17,462
Supplies inventory	2,645	2,077
Deferred income taxes (note 9)	636	590
Prepaid and other current assets	2,091	1,608
Total current assets	37,528	31,260
Long-term receivables and deposits (note 3)	1,861	2,036
Property and equipment, net (notes 4, 6 and 7)	39,855	27,995
Intangible assets, net (notes 3 and 5)	111,408	76,577
Total assets	$190,652	$137,868

	December 31, 2000	December 31, 1999
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable (note 3)	$ –	$ 1,238
Current portion of long-term debt (note 6)	2,296	1,809
Accounts payable	2,234	1,915
Accrued salaries and benefits	2,759	2,204
Other accrued liabilities	2,632	2,594
Current income taxes payable	1,018	471
Total current liabilities	10,939	10,231
Long-term debt (note 6)	59,876	34,901
Notes payable and other long-term obligations (note 3)	11,956	–
Deferred income taxes (note 9)	3,673	2,670
Minority interest	21,063	17,358
Preferred stock, no par value, 5,000,000 shares authorized	–	–
Shareholders' equity:		
Common stock (note 8):		
Class A, no par value, 35,000,000 shares authorized, 9,951,656 and 9,760,228 shares outstanding, respectively	50,764	49,393
Class B, no par value, 4,800,000 shares authorized, 4,787,131 shares outstanding	13,529	13,529
Retained earnings	18,852	9,786
Total shareholders' equity	83,145	72,708
Commitments and contingencies (notes 4, 7, 10 and 12)		
Total liabilities and shareholders' equity	$190,652	$137,868

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except earnings per share)	*Years Ended December 31,*		
	2000	1999	1998
Revenues (note 2)	**$143,261**	$101,446	$80,322
Operating expenses:			
Salaries and benefits (note 10)	**39,770**	27,895	22,947
Supply cost	**16,598**	11,491	9,209
Other operating expenses (note 10)	**29,445**	22,777	19,184
Depreciation and amortization	**10,301**	7,290	6,568
Net (gain) loss on sale of assets (note 3)	**–**	(25)	5,462
Total operating expenses	**96,114**	69,428	63,370
Operating income	**47,147**	32,018	16,952
Minority interest	**27,702**	19,431	13,645
Interest expense, net of interest income of $230, $237 and $125, respectively	**4,703**	1,122	1,499
Earnings before income taxes and cumulative effect of an accounting change	**14,742**	11,465	1,808
Income tax expense (note 9)	**5,676**	4,414	1,047
Net earnings before cumulative effect of an accounting change	**9,066**	7,051	761
Cumulative effect of a change in the method in which pre-opening costs are recorded	**–**	(126)	–
Net earnings	**$ 9,066**	$ 6,925	$ 761
Basic earnings per common share (note 8):			
Net earnings before cumulative effect of an accounting change	**$ 0.62**	$ 0.49	$ 0.06
Net earnings	**$ 0.62**	$ 0.48	$ 0.06
Diluted earnings per common share (note 8):			
Net earnings before cumulative effect of an accounting change	**$ 0.60**	$ 0.48	$ 0.06
Net earnings	**$ 0.60**	$ 0.47	$ 0.06
Weighted average number of shares and share equivalents outstanding (note 8):			
Basic	**14,594**	14,429	12,247
Diluted	**15,034**	14,778	12,834

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands) — *Years Ended December 31, 2000, 1999 and 1998*

	Common Stock		Retained	Deferred Compensation on Restricted	
	Shares	Amount	Earnings	Stock	Total
Balance December 31, 1997	9,545	$ 28,165	$ 2,100	$ (274)	$ 29,991
Issuance of common stock, net of offering cost	3,706	27,635	–	–	27,635
Issuance of common stock in conjunction with acquisitions	56	451	–	–	451
Stock options exercised, including related tax benefit of $42	26	126	–	–	126
Conversion of preferred stock	987	5,268	–	–	5,268
Net earnings	–	–	761	–	761
Amortization of deferred compensation on restricted stock	–	–	–	137	137
Balance December 31, 1998	14,320	61,645	2,861	(137)	64,369
Issuance of common stock in conjunction with acquisitions	9	61	–	–	61
Issuance of common stock	184	1,100	–	–	1,100
Stock options exercised, including related tax benefit of $9	34	116	–	–	116
Net earnings	–	–	6,925	–	6,925
Amortization of deferred compensation on restricted stock	–	–	–	137	137
Balance December 31, 1999	14,547	62,922	9,786	–	72,708
Issuance of common stock	**30**	**172**	**–**	**–**	**172**
Stock options exercised, including related tax benefit of $504	**162**	**1,199**	**–**	**–**	**1,199**
Net earnings	**–**	**–**	**9,066**	**–**	**9,066**
Balance December 31, 2000	**14,739**	**$ 64,293**	**$ 18,852**	**$ –**	**$ 83,145**

See accompanying notes to the consolidated financial statements.

AMSURG

AMERICA'S SINGLE SPECIALTY SURGERY CENTER LEADER

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	*Years Ended December 31,*		
	2000	1999	1998
Cash flows from operating activities:			
Net earnings	**$ 9,066**	$ 6,925	$ 761
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Cumulative effect of an accounting change	**–**	126	–
Minority interest	**27,702**	19,431	13,645
Distributions to minority partners	**(27,416)**	(16,369)	(13,480)
Depreciation and amortization	**10,301**	7,290	6,568
Deferred income taxes	**957**	760	525
Amortization of deferred compensation on restricted stock	**–**	137	137
Net (gain) loss on sale of assets	**–**	(25)	5,462
Increase (decrease) in cash, net of effects of acquisitions and dispositions, due to changes in:			
Accounts receivable, net	**(3,141)**	(3,223)	(2,560)
Supplies inventory	**(182)**	(560)	(77)
Prepaid and other current assets	**(460)**	(216)	42
Other assets	**278**	103	(325)
Accounts payable	**56**	720	123
Accrued expenses and other liabilities	**1,447**	1,677	519
Other, net	**(115)**	(8)	(1)
Net cash flows provided by operating activities	**18,493**	16,768	11,339
Cash flows from investing activities:			
Acquisition of interest in surgery centers	**(30,714)**	(26,644)	(18,565)
Acquisition of property and equipment	**(13,457)**	(4,110)	(6,967)
Proceeds from sale of assets	**–**	29	669
(Increase) decrease in long-term receivables	**167**	(1,842)	335
Net cash flows used in investing activities	**(44,004)**	(32,567)	(24,528)
Cash flows from financing activities:			
Repayment of notes payable	**–**	(2,385)	–
Proceeds from long-term borrowings	**37,345**	38,060	19,874
Repayment on long-term borrowings	**(14,145)**	(17,063)	(32,787)
Net proceeds from issuance of common stock	**695**	107	27,659
Proceeds from capital contributions by minority partners	**704**	533	1,167
Financing cost incurred	**(923)**	–	(61)
Net cash flows provided by financing activities	**23,676**	19,252	15,852
Net increase (decrease) in cash and cash equivalents	**(1,835)**	3,453	2,663
Cash and cash equivalents, beginning of year	**9,523**	6,070	3,407
Cash and cash equivalents, end of year	**$ 7,688**	$ 9,523	$ 6,070

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

AmSurg Corp. (the "Company"), through its wholly owned subsidiaries, owns majority interests primarily between 51% and 70% in limited partnerships and limited liability companies ("LLCs") which own and operate practice-based ambulatory surgery centers ("Centers"). The Company also has majority ownership interests in other partnerships and LLCs formed to develop additional centers. The consolidated financial statements include the accounts of the Company and its subsidiaries and the majority owned limited partnerships and LLCs in which the Company is the general partner or member. Consolidation of such partnerships and LLCs is necessary as the Company has 51% or more of the financial interest, is the general partner or majority member with all the duties, rights and responsibilities thereof and is responsible for the day-to-day management of the partnership or LLC. The limited partner or minority member responsibilities are to supervise the delivery of medical services with their rights being restricted to those which protect their financial interests, such as approval of the acquisition of significant assets or incurring debt which they, as physician limited partners or members, are required to guarantee on a pro rata basis based upon their respective ownership interests. Intercompany profits, transactions and balances have been eliminated. All subsidiaries and minority owners are herein referred to as partnerships and partners, respectively.

The Company operates in one business segment, the ownership and operation of ambulatory surgery centers. The Company's ownership and management of physician practices was discontinued in 1998 and such businesses did not meet the quantitative thresholds for segment reporting under Statement of Financial Accounting Standard ("SFAS") No. 131 *"Disclosures about Segments of an Enterprise and Related Information."*

b. Cash and Cash Equivalents

Cash and cash equivalents are comprised principally of demand deposits at banks and other highly liquid short-term investments with maturities less than three months when purchased.

c. Supplies Inventory

Supplies inventory consists of medical and drug supplies and is recorded at cost on a first-in, first-out basis.

d. Prepaid and Other Current Assets

Prepaid and other current assets are comprised of prepaid expenses and other receivables.

e. Property and Equipment

Property and equipment are stated at cost. Equipment held under capital leases is stated at the present value of minimum lease payments at the inception of the related leases. Depreciation for buildings and improvements is recognized under the straight-line method over 20 years, or for leasehold improvements, over the remaining term of the lease plus renewal options. Depreciation for moveable equipment is recognized over useful lives of five to ten years.

f. Intangible Assets

Excess of Cost over Net Assets of Purchased Operations

Excess of cost over net assets of purchased operations is amortized over 25 years. The Company has consistently assessed impairment of the excess of cost over net assets of purchased operations and other long-lived assets in accordance with criteria consistent with the provisions of SFAS No. 121 "*Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.*" Whenever events or changes in circumstances indicate that the carrying amount of long-term assets may not be recoverable, management assesses whether or not an impairment loss should be recorded by comparing estimated undiscounted future cash flows with the assets' carrying amount at the partnership level. If the assets' carrying amount is in excess of the estimated undiscounted future cash flows, an impairment loss is recognized as the excess of the carrying amount over estimated future cash flows discounted at an applicable rate.

Deferred Pre-opening Costs and Cumulative Effect of an Accounting Change

Prior to January 1, 1999, deferred pre-opening costs, which consist of costs incurred for surgery centers while under development, had been amortized over one year, starting upon the commencement date of operations. In 1999, the Company adopted Statement of Position ("SOP") No. 98-5 *"Reporting on the Costs of Start-Up Activities,"* which requires that pre-opening costs be expensed as incurred and that upon adoption all unamortized deferred pre-opening costs be expensed as a cumulative effect of a change in accounting principle. Accordingly, as of January 1, 1999, the Company expensed $126,000, net of minority interest and income taxes, as a cumulative effect of an accounting change. The impact of the accounting change on the Company' results of operations in 1999 was not material.

Other Intangible Assets

Other intangible assets consist primarily of deferred financing costs of the Company and the entities included in the Company's consolidated financial statements and are amortized over the term of the related debt.

g. Income Taxes

The Company files a consolidated federal income tax return. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

h. Earnings Per Share

Basic earnings per share is computed by dividing net earnings available to common shareholders by the combined weighted average number of Class A and Class B common shares while diluted earnings per share is computed by dividing net earnings available to common shareholders by the weighted average number of such common shares and dilutive share equivalents.

i. Stock Option Plan

The Company accounts for its stock option plan in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25 "*Accounting for Stock Issued to Employees*," and related interpretations. Compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. The Company also provides disclosure in accordance with SFAS No. 123 "*Accounting for Stock-Based Compensation*," to reflect pro forma earnings per share as if the fair value of all stock-based awards on the date of grant are recognized over the vesting period.

j. Fair Value of Financial Instruments

Cash and cash equivalents, receivables and payables are reflected in the financial statements at cost which approximates fair value. Management believes that the carrying amounts of long-term debt approximate market value, because it believes the terms of its borrowings approximate terms which it would incur currently.

k. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include recoverability of excess of cost over net assets of purchased operations. Actual results could differ from those estimates.

l. Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities.*" The Company adopted this pronouncement on January 1, 2001, which had no impact on the Company's consolidated financial statements.

SEC Staff Accounting Bulletin ("SAB") No. 101, "*Revenue Recognition in Financial Statements,*" released in December 1999 provides guidance for applying generally accepted accounting principles to selected revenue recognition issues. The implementation of SAB No. 101 was required no later than the fourth fiscal quarter of fiscal year 2000 and had no impact on the Company's consolidated financial statements.

m. Reclassifications

Certain prior year amounts have been reclassified to conform to the 2000 presentation.

2. REVENUE RECOGNITION

Revenues for the years ended December 31, 2000, 1999 and 1998 are comprised of the following:

	2000	1999	1998
		(In thousands)	
Surgery centers	**$142,298**	$100,937	$75,334
Physician practices	**–**	–	4,786
Other	**963**	509	202
Revenues	**$143,261**	$101,446	$80,322

Center revenues consist of the billing for the use of the Centers' facilities (the "facility fee") directly to the patient or third party payer. The facility fee excludes any amounts billed for physicians' services which are billed separately by the physicians to the patient or third party payer.

Physician practice revenues consist of the billing for physician services of the Company's two majority owned physician practices acquired in 1997 and 1996 and disposed of in 1998. The billings were made by the practice directly to the patient or third party payer.

Revenues from Centers and physician practices are recognized on the date of service, net of estimated contractual allowances from third party medical service payers including Medicare and Medicaid. During the years ended December 31, 2000, 1999 and 1998, approximately 37%, 38% and 41%, respectively, of the Company's revenues were derived from the provision of services to patients covered under Medicare and Medicaid. Concentration of credit risk with respect to other payers is limited due to the large number of such payers.

3. ACQUISITIONS AND DISPOSITIONS

a. Acquisitions

The Company, through wholly owned subsidiaries and in separate transactions, acquired a majority interest in nine, ten and seven practice-based surgery centers during 2000, 1999 and 1998, respectively. Consideration paid for the acquired interests consisted of cash, common stock and notes payable at rates ranging from 9.0% to 9.5%, due within 30 days from issuance. Total acquisition price and cost in 2000, 1999 and 1998 was $41,563,000, $29,417,000 and $21,172,000, respectively, of which the Company assigned $38,149,000, $27,403,000 and $19,504,000, respectively, to excess of cost over net assets of purchased operations. At December 31, 2000 and 1999, the Company had outstanding obligations associated with recent acquisitions of $10,479,000 and $1,638,000, respectively, in the form of a combination of notes payable and other obligations. All such amounts due as of December 31, 2000 were funded in January 2001 through long-term borrowings while existing cash funded amounts due at December 31, 1999. All acquisitions were accounted for as purchases, and the accompanying consolidated financial statements include the results of their operations from the dates of acquisition.

As of December 31, 2000, in conjunction with acquisitions in 2000, 1999 and 1998, the Company is obligated to pay an estimated $2,245,000 in contingent purchase price based on the proposed surgery center reimbursement rates by the Health Care Financing Administration as they currently stand to be implemented. Of this amount, $768,000 was paid in January 2001 and accordingly is reflected in other accrued liabilities at December 31, 2000. The remainder, which is not expected to be paid until after 2001, is reflected in notes payable and other long-term obligations. Should the proposed surgery center reimbursement rates not become effective or further delayed, the Company would be obligated to pay up to an additional $2,430,000 in purchase price. However, the Company will be released from all or a portion of such amount upon the final implementation of proposed reimbursement rates.

b. Pro Forma Information

The unaudited consolidated pro forma results for the years ended December 31, 2000 and 1999, assuming all 2000 and 1999 acquisitions had been consummated on January 1, 1999, are as follows:

	2000	1999
	(In thousands, except per share data)	
Revenues	**$158,255**	$136,954
Net earnings	**9,733**	8,022
Earnings per common share:		
Basic	**$ 0.67**	$ 0.55
Diluted	**$ 0.65**	$ 0.54
Weighted average number of shares and share equivalents:		
Basic	**14,594**	14,564
Diluted	**15,034**	14,913

c. Dispositions

In three separate transactions in 1998, the Company sold certain assets comprising a surgery center developed in 1995 and its interest in two separate partnerships that owned two physician practices. The net loss associated with these transactions was $5,443,000. The Company recognized an income tax benefit of approximately $1,850,000 associated with these losses. In conjunction with the sale of the interest in one physician practice, the Company received a note for $1,945,000 which is to be paid through 2010. The note bears interest at 6.5% and is secured by the assets of the physician practice and certain personal guarantees by the owners of the physician practice.

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2000 and 1999 are as follows:

	2000	1999
	(In thousands)	
Land and improvements	**$ 99**	$ 99
Building and improvements	**23,601**	16,947
Moveable equipment	**34,659**	24,244
Construction in progress	**1,460**	429
	59,819	41,719
Less accumulated depreciation and amortization	**(19,964)**	(13,724)
Property and equipment, net	**$ 39,855**	$ 27,995

At December 31, 2000, the Company and its partnerships had unfunded construction and equipment purchase commitments for centers under development of approximately $675,000 in order to complete construction in progress.

5. INTANGIBLE ASSETS

Intangible assets at December 31, 2000 and 1999 consist of the following:

	2000	1999
	(In thousands)	
Excess of cost over net assets of purchased operations, net of accumulated amortization of $12,077 and $8,097, respectively	**$110,640**	$ 76,461
Other intangible assets, net of accumulated amortization of $256 and $444, respectively	**768**	116
Intangible assets, net	**$111,408**	$ 76,577

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AMERICA'S SINGLE SPECIALTY SURGERY CENTER LEADER

6. LONG-TERM DEBT

Long-term debt at December 31, 2000 and 1999 is comprised of the following:

	2000	1999
	(In thousands)	
$100,000,000 credit agreement at prime or LIBOR plus a spread of 1.5% to 3.0% (average rate of 8.69% at December 31, 2000), due May 2003	$55,500	$31,300
Other debt at an average rate of 8.71%, due through June 2006	3,872	3,577
Capitalized lease arrangements at an average rate of 8.5%, due through November 2004 (see note 7)	2,800	1,833
	62,172	36,710
Less current portion	(2,296)	(1,809)
Long-term debt	$59,876	$34,901

The borrowings under the credit facility are guaranteed by the wholly owned subsidiaries of the Company, and in some instances, the underlying assets of certain developed centers. The credit agreement, as most recently amended on May 5, 2000, permits the Company to borrow up to $100,000,000 to finance the Company's acquisition and development projects at prime rate or LIBOR plus a spread of 1.5% to 3.0% or a combination thereof, provides for a fee ranging between 0.375% to 0.50% of unused commitments based on borrowing levels, prohibits the payment of dividends and contains covenants relating to the ratio of debt to net worth, operating performance and minimum net worth. The Company was in compliance with all covenants at December 31, 2000.

Certain partnerships and LLCs included in the Company's consolidated financial statements have loans with local lending institutions which are collateralized by certain assets of the centers with a book value of approximately $7,841,000. The Company and the partners or members have guaranteed payment of the loans.

Principal payments required on long-term debt in the five years subsequent to December 31, 2000 and thereafter are $2,296,000, $1,965,000, $56,937,000, $706,000, $213,000 and $55,000.

7. LEASES

The Company has entered into various building and equipment operating leases and equipment capital leases for its surgery centers in operation and under development and for office space, expiring at various dates through 2015. Future minimum lease payments at December 31, 2000 are as follows:

Year Ended December 31,	Capitalized Equipment Leases	Operating Leases
	(In thousands)	
2001	$ 1,365	$ 6,889
2002	1,057	6,148
2003	614	5,797
2004	70	5,035
2005	–	3,956
Thereafter	–	9,881
Total minimum rentals	3,106	$37,706
Less amounts representing interest at rates ranging from 6.49% to 9.55%	306	
Capital lease obligations	$ 2,800	

At December 31, 2000, equipment with a cost of approximately $5,083,000 and accumulated amortization of approximately $1,873,000 was held under capital lease. The Company and its limited partners have guaranteed payment of the leases. Rental expense for operating leases for the years ended December 31, 2000, 1999 and 1998 was approximately $7,126,000, $5,314,000 and $4,167,000 (see note 10).

8. SHAREHOLDERS' EQUITY

a. Common Stock

The Company operated as a majority owned subsidiary of American Healthways, Inc. ("AHI") from 1992 until December 3, 1997, when AHI distributed to its stockholders all of its holdings in the Company's common stock in a spin-off transaction. Prior to the spin-off, AHI exchanged a portion of its shares of Class A Common Stock for shares of Class B Common Stock which differs from Class A Common Stock in that it has ten votes per share in the election and removal of directors of the Company, while the Class A Common Stock has one vote per share. Other than the election and removal of directors of the Company, the Class A Common Stock and the Class B Common Stock have equal voting and other rights. The Company does not have the right to issue additional Class B Common Stock.

From the time of the Company's inception, the Company has sold Class A Common Stock to AHI, partners and members of certain of its partnerships and LLCs and other private investors at fair value. In addition, the Company has issued shares of Class A Common Stock in connection with acquisitions of surgery center assets. On June 17, 1998, the Company completed a public offering of 3,700,000 shares of Class A Common Stock, for net proceeds of approximately $27,600,000, which were used to repay borrowings under the Company's revolving credit facility.

b. Shareholder Rights Plan

In 1999, the Company's Board of Directors adopted a shareholder rights plan and declared a distribution of one stock purchase right for each outstanding share of the Company's Class A Common Stock and Class B Common Stock to shareholders of record on December 16, 1999 and for each share of Class A Common Stock issued thereafter. Each right initially entitles its holder to purchase one one-hundredth of a share of Series C Junior Participating Preferred Stock, at $48, subject to adjustment. With certain exceptions, each right will become exercisable only when a person or group acquires, or commences a tender or exchange offer for, 15% or more of the Company's outstanding Class A Common Stock or Class B Common Stock. Rights will also become exercisable in the event of certain mergers or asset sales involving more than 50% of the Company's assets or earning power. Upon becoming exercisable, each right will allow the holder (other than the person or group whose actions triggered the exercisability of the rights), under specified circumstances, to buy either securities of the Company or securities of the acquiring company (depending on the form of the transaction) having a value of twice the then current exercise price of the rights. The rights expire on December 2, 2009.

c. Earnings per Share

The following is a reconciliation of the numerator and denominators of basic and diluted earnings per share:

	Earnings (Numerator)	Shares (Denominator)	Per Share Amount
	(In thousands, except per share amounts)		
For the year ended December 31, 2000:			
Basic earnings per share:			
Net earnings	**$9,066**	**14,594**	**$ 0.62**
Effect of dilutive securities options	–	440	
Diluted earnings per share:			
Net earnings	**$9,066**	**15,034**	**$ 0.60**
For the year ended December 31, 1999:			
Basic earnings per share:			
Net earnings	$6,925	14,429	$ 0.48
Effect of dilutive securities options	–	349	
Diluted earnings per share:			
Net earnings	$6,925	14,778	$ 0.47
For the year ended December 31, 1998:			
Basic earnings per share:			
Net earnings	$ 761	12,247	$ 0.06
Effect of dilutive convertible preferred stock	–	192	
Effect of dilutive securities options	–	395	
Diluted earnings per share:			
Net earnings	$ 761	12,834	$ 0.06

d. Stock Options

The Company has two stock option plans under which it has granted non-qualified options to purchase shares of Class A Common Stock to employees and outside directors. Options are granted at market value on the date of the grant and vest ratably over four years. Options have a term of 10 years from the date of grant. At December 31, 2000, 2,527,333 shares were authorized for grant under the two stock option plans and 406,739 shares were available for future option grants. Stock option activity for the three years ended December 31, 2000 is summarized below:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 1997	1,174,849	$ 3.56
Options granted	233,902	8.76
Options exercised	(26,151)	3.18
Options terminated	(38,106)	7.21
Outstanding at December 31, 1998	1,344,494	4.37
Options granted	362,961	7.41
Options exercised	(33,562)	3.20
Options terminated	(38,089)	7.41
Outstanding at December 31, 1999	1,635,804	5.00
Options granted	**377,059**	**6.82**
Options exercised	**(161,930)**	**4.29**
Options terminated	**(25,054)**	**7.62**
Outstanding at December 31, 2000	**1,825,879**	**5.40**

The following table summarizes information concerning outstanding and exercisable options at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life (Yrs.)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.75 - $ 3.00	465,029	1.62	$ 1.62	465,029	$ 1.36
3.01 - 6.00	379,852	5.60	4.91	322,329	4.78
6.01 - 9.00	844,249	8.12	7.19	306,867	7.27
9.01 - 12.00	130,083	7.16	9.20	64,875	9.20
12.01 - 15.00	6,666	9.82	14.94	–	–
0.75 - 15.00	1,825,879	5.88	5.40	1,159,100	4.31

The Company accounts for its stock options issued to employees and outside directors pursuant to APB No. 25. Accordingly, no compensation expense has been recognized in connection with the issuance of stock options. The estimated weighted average fair values of the options at the date of grant using the Black-Scholes option pricing model as promulgated by SFAS No. 123 in 2000, 1999 and 1998 were $4.65, $4.48 and $4.79 per share, respectively. In applying the Black-Scholes model, the Company assumed no dividends, an expected life for the options of seven years and a forfeiture rate of 3% in 2000, 1999 and 1998 and an average risk free interest rate of 6.7%, 5.2% and 5.6% in 2000, 1999 and 1998, respectively. The Company also assumed a volatility rate of 70%, 60% and 50% in 2000, 1999 and

1998 respectively. Had the Company used the Black-Scholes estimates to determine compensation expense for the options granted in the years ended December 31, 2000, 1999 and 1998 net earnings and net earnings per share attributable to common shareholders would have been reduced to the following pro forma amounts:

	2000	1999	1998
	(In thousands, except per share amounts)		
Net earnings available to common shareholders:			
As reported	**$9,066**	$6,925	$ 761
Pro forma	**8,107**	6,091	152
Basic earnings per share available to common shareholders:			
As reported	**$ 0.62**	$ 0.48	$ 0.06
Pro forma	**0.56**	0.42	0.01
Diluted earnings per share available to common shareholders:			
As reported	**$ 0.60**	$ 0.47	$ 0.06
Pro forma	**0.54**	0.41	0.01

9. INCOME TAXES

Total income tax expense for the year ended December 31, 2000, 1999 and 1998 was allocated as follows:

	2000	1999	1998
	(In thousands)		
Income from operations	**$5,676**	$4,414	$1,047
Cumulative effect of a change in the method in which pre-opening costs are recorded	**–**	(84)	–
Shareholders' equity, for compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes	**(504)**	(9)	(42)
Total income tax expense	**$5,172**	$4,321	$1,005

Income tax expense from operations for the years ended December 31, 2000, 1999 and 1998 is comprised of the following:

	2000	1999	1998
	(In thousands)		
Current:			
Federal	**$3,907**	$3,010	$ 220
State	**812**	560	302
Deferred	**957**	844	525
Income tax expense	**$5,676**	$4,414	$1,047

Income tax expense from operations for the years ended December 31, 2000, 1999 and 1998 differed from the amount computed by applying the U.S. Federal income tax rate of 34% to earnings before income taxes as a result of the following:

	2000	1999	1998
	(In thousands)		
Statutory Federal income tax	**$5,012**	$3,898	$ 615
State income taxes, net of Federal income tax benefit	**662**	515	71
Decrease in valuation allowance	**(9)**	(8)	(10)
Non-deductible distribution cost and net loss on sale of assets	**–**	–	324
Other	**11**	9	47
Income tax expense	**$5,676**	$4,414	$1,047

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2000 and 1999 are as follows:

	2000	1999
	(In thousands)	
Deferred tax assets:		
Allowance for uncollectible accounts	**$ 476**	$ 504
State net operating losses	**7**	25
Accrued liabilities and other	**227**	86
Gross deferred tax assets	**710**	615
Valuation allowance	**(7)**	(16)
Net deferred tax assets	**703**	599
Deferred tax liabilities:		
Property and equipment, principally due to difference in depreciation	**275**	185
Excess of cost over net assets of purchased operations, principally due to differences in amortization	**3,398**	2,494
Prepaid expenses	**67**	–
Gross deferred tax liabilities	**3,740**	2,679
Net deferred tax liability	**$3,037**	$2,080

The net deferred tax liability at December 31, 2000 and 1999, is recorded as follows:

	2000	1999
	(In thousands)	
Current deferred income tax asset	**$ 636**	$ 590
Noncurrent deferred income tax liability	**3,673**	2,670
Net deferred tax liability	**$3,037**	$2,080

The Company has provided a valuation allowance on its gross deferred tax asset primarily related to state net operating losses to the extent that management does not believe that it is more likely than not that such asset will be realized.

10. RELATED PARTY TRANSACTIONS

The Company leases space for certain surgery centers from its physician partners affiliated with its centers at rates the Company believes approximate fair market value. Payments on these leases were approximately $3,179,000, $2,516,000 and $2,378,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

The Company reimburses certain of its limited partners for salaries and benefits related to time spent by employees of their practices on activities of the centers. Total reimbursement of such salary and benefit costs totaled approximately $15,660,000, $10,857,000 and $9,652,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

The Company believes that the foregoing transactions are in its best interests. It is the Company's current policy that all transactions by the Company with officers, directors, five percent shareholders and their affiliates will be entered into only if such transactions are on terms no less favorable to the Company than could be obtained from unaffiliated parties, are reasonably expected to benefit the Company and are approved by a majority of the disinterested independent members of the Company's Board of Directors.

11. EMPLOYEE BENEFIT PROGRAMS

As of January 1, 1999, the Company adopted the AmSurg 401(k) Plan and Trust. The Plan is a defined contribution plan covering substantially all employees of AmSurg Corp. and provides for voluntary contributions by these employees, subject to certain limits. Company contributions are based on specified percentages of employee compensation. The Company funds contributions as accrued. The Company's contributions for the years ended December 31, 2000 and 1999 were approximately $76,000 and $60,000, respectively, and vest incrementally over four years.

As of January 1, 2000, the Company adopted the Supplemental Executive Retirement Savings Plan. The Plan is a defined contribution plan covering all officers of the Company and provides for voluntary contributions up to 5% of employee annual compensation. Company contributions are at the discretion of the Compensation Committee of the Board of Directors and vest incrementally over four years. The employee and employer contributions are placed in a Rabbi Trust. The cost of the Plan for the year ended December 31, 2000, was approximately $46,000.

12. COMMITMENTS AND CONTINGENCIES

The Company and its partnerships are insured with respect to medical malpractice risk on a claims made basis. Management is not aware of any claims against it or its partnerships which would have a material financial impact.

The Company or its wholly owned subsidiaries, as general partners in the limited partnerships, are responsible for all debts incurred but unpaid by the partnership. As manager of the operations of the partnership, the Company has the ability to limit its potential liabilities by curtailing operations or taking other operating actions.

In the event of a change in current law which would prohibit the physicians' current form of ownership in the partnerships or LLCs, the Company is obligated to purchase the physicians' interests in the partnerships or LLCs. The purchase price to be paid in such event is generally the greater of the physicians' capital account or a multiple of earnings.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2000, the Company, through wholly owned subsidiaries, acquired a majority interest in five physician practice-based surgery centers for approximately $14,887,000.

In the first quarter of 2001, the Company signed certain agreements which provide for the sale of the Company's equity interest in a surgery center limited liability company to an unaffiliated third party upon the fulfillment of certain conditions by the Company. The combined proceeds from these agreements will approximate the Company's net book value of its equity interest in the LLC as of December 31, 2000. Revenues from this surgery center constituted less than 1% of the Company's consolidated revenues for the year ended December 31, 2000.

14. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information for the years ended December 31, 2000, 1999 and 1998 is as follows:

	2000	1999	1998
		(In thousands)	
Cash paid during the year for:			
Interest	**$ 4,507**	$ 1,139	$ 1,573
Income taxes, net of refunds	**3,376**	3,475	229
Noncash investing and financing activities:			
Capital lease obligations incurred to acquire equipment	**1,967**	1,202	799
Conversion of preferred stock	**–**	–	5,267
Note received for sale of a partnership interest	**–**	245	1,945
Conversion of note to partnership interest	**–**	2,047	–
Effect of acquisitions:			
Assets acquired, net of cash	**45,090**	31,864	22,810
Liabilities assumed	**(4,008)**	(2,483)	(1,409)
Issuance of common stock	**(50)**	(1,099)	(451)
Notes payable and other obligations	**(10,318)**	(1,638)	(2,385)
Payment for assets acquired	**$ 30,714**	$26,644	$18,565

AMSURG AMERICA'S SINGLE SPECIALTY SURGERY CENTER LEADER

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS AND SHAREHOLDERS
AMSURG CORP.
NASHVILLE, TENNESSEE

We have audited the accompanying consolidated balance sheets of AmSurg Corp. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of AmSurg Corp. and subsidiaries as of December 31, 2000 and 1999 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, AmSurg Corp. changed its method of accounting for pre-opening costs in 1999.

Deloitte & Touche LLP

Nashville, Tennessee
February 19, 2001, except for note 13, as to which the date is March 6, 2001

SHAREHOLDER INFORMATION

CORPORATE OFFICE

AmSurg Corp.
20 Burton Hills Boulevard
Nashville, Tennessee 37215
615/665-1283

FORM 10-K/INVESTOR CONTACT

A copy of the AmSurg Corp. Annual Report on Form 10-K for Fiscal 2000 (without exhibits) filed with the Securities and Exchange Commission is available from the Company at no charge. These requests and other investor contacts should be directed to Claire M. Gulmi, Senior Vice President, Chief Financial Officer and Secretary, at the Company's corporate office.

ANNUAL SHAREHOLDERS' MEETING

The annual meeting of shareholders will be held on Wednesday, July 11, 2001, at 1:00 p.m. at the SunTrust Financial Center, 5th Floor Auditorium, 424 Church Street, Nashville, Tennessee.

REGISTRAR AND TRANSFER AGENT

SunTrust Bank, Atlanta
Corporate Trust Department
58 Edgewood Avenue, Room 225 Annex
Atlanta, Georgia 30303
800/568-3476

COMMON STOCK AND DIVIDEND INFORMATION

The Class A Common Stock trades under the symbol "AMSGA" and the Class B Common Stock trades under the symbol "AMSGB" on the Nasdaq Stock Market's National Market.

At March 9, 2001 there were approximately 1,900 holders of the Class A Common Stock, including 130 shareholders of record, and 1,200 holders of the Class B Common Stock, including 80 shareholders of record.

We have never declared or paid a cash dividend on either class of our common stock. We intend to retain our earnings to finance the growth and development of our business and do not expect to declare or pay any cash dividends in the foreseeable future. The declaration of dividends is within the discretion of our Board of Directors, which will review this dividend policy from time to time. Presently, the declaration of dividends would violate certain covenants associated with the Company's credit facility with lending institutions.

The following table sets forth the high and low sales prices per share for the Common Stock for each of the quarters in 2000 and 1999, as reported on the Nasdaq National Market.

	High	*Low*
Quarter ended March 31, 2000:		
AMSGA	**$ 7.13**	**$ 5.00**
AMSGB	**$ 7.00**	**$ 5.50**
Quarter ended June 30, 2000:		
AMSGA	**$ 6.44**	**$ 4.75**
AMSGB	**$ 6.50**	**$ 5.13**
Quarter ended September 30, 2000:		
AMSGA	**$14.75**	**$ 5.25**
AMSGB	**$13.38**	**$ 5.38**
Quarter ended December 31, 2000:		
AMSGA	**$24.75**	**$11.25**
AMSGB	**$20.31**	**$10.50**
Quarter ended March 31, 1999:		
AMSGA	$ 9.50	$ 6.50
AMSGB	$ 8.75	$ 6.50
Quarter ended June 30, 1999:		
AMSGA	$ 8.75	$ 6.00
AMSGB	$ 8.63	$ 5.75
Quarter ended September 30, 1999:		
AMSGA	$ 8.13	$ 5.66
AMSGB	$ 7.75	$ 5.88
Quarter ended December 31, 1999:		
AMSGA	$ 8.13	$ 5.13
AMSGB	$ 7.88	$ 4.75

DIRECTORS AND EXECUTIVE OFFICERS

EXECUTIVE OFFICERS

From left to right:

KEN P. McDONALD

CLAIRE M. GULMI

DENNIS J. ZAMOJSKI

DAVID L. MANNING

RODNEY H. LUNN

ROYCE D. HARRELL

KEN P. McDONALD (1)
President, Chief Executive Officer
and Director

THOMAS G. CIGARRAN (1)
Chairman;
Chairman, President and
Chief Executive Officer,
American Healthways, Inc.,
healthcare services

JAMES A. DEAL (2) (3)
Director;
President and Chief Executive Officer,
Center for Diagnostic Imaging, Inc.,
healthcare services

STEVEN I. GERINGER (3)
Director;
Former President and
Chief Executive Officer,
PCS Health Systems, Inc.,
pharmaceutical services

DEBORA A. GUTHRIE (2) (3)
Director;
President and Chief Executive Officer
of the general partner of Capitol Health
Partners, L.P.,
healthcare venture capital

HENRY D. HERR (2)
Director;
Executive Vice President of Finance and
Administration and Chief Financial Officer,
American Healthways, Inc.,
healthcare services

BERGEIN F. OVERHOLT, M.D. (1)
Director;
President,
Gastrointestinal Associates, P.C.
physician

CLAIRE M. GULMI
Senior Vice President,
Chief Financial Officer and Secretary

ROYCE D. HARRELL
Senior Vice President,
Corporate Services

RODNEY H. LUNN
Senior Vice President,
Center Development

DAVID L. MANNING
Senior Vice President,
Development

DENNIS J. ZAMOJSKI
Senior Vice President,
Operations

(1) Nominating Committee
(2) Audit Committee
(3) Compensation Committee

AMSURG

AMERICA'S SINGLE SPECIALTY SURGERY CENTER LEADER

AMSURG CORP.

20 BURTON HILLS BOULEVARD

NASHVILLE, TENNESSEE 37215