



Universal Health Services, Inc.

Universal Health Services, Inc. Announces 30% Increase In Net Income Before Non-Recurring Charges, Its Ninth Consecutive Annual Net Income Increase

February 14, 2002

KING OF PRUSSIA, Pa., Feb 14, 2002 /PRNewswire-FirstCall via COMTEX/ -- Universal Health Services, Inc. (NYSE: UHS) announced today its final results for the fourth quarter and full year ended December 31, 2001. Net income for the year was \$99.7 million or \$1.60 per share (diluted) after recording pre-tax non-recurring charges of \$49 million or \$.46 per share (diluted) after tax. Net income increased for the ninth consecutive year. Excluding the non-recurring charges, earnings per share (diluted) for the year ended December 31, 2001 were \$2.06, a 30% increase from the earnings recorded in the full year of 2000. Net revenues for the year ended December 31, 2001 were \$2.8 billion, a 27% increase from prior year. Earnings before interest, depreciation and amortization, non-recurring charges and income taxes were \$370 million, representing a 25% increase from the prior year. Shareholders' equity at year-end was \$808 million and debt, net of cash balances, was \$698 million.

Net income for the quarter ended December 31, 2001 was \$.9 million, or \$.02 per share (diluted) including the unfavorable non-recurring pre-tax charges of \$49 million or \$.46 per share after tax. Earnings before interest, depreciation and amortization, non-recurring charges and income taxes were \$90 million, representing a 20% increase from the prior year quarter.

The Company recorded three unusual charges in the fourth quarter of 2001. As previously disclosed, the Company took a pre-tax \$40 million, or \$.38 per share after tax, charge to earnings to reserve for malpractice expenses that may result because the Company's malpractice insurance company, PHICO, was placed in liquidation on February 1, 2002. As a result of the Company's successful refinancing activities in the fourth quarter, the Company recorded a pre-tax extraordinary expense of \$1.6 million, or \$.01 per share after tax, for the early termination of a \$135 million, 8-3/4% note issued in 1995. The Company also recorded a pre-tax loss on derivative transactions of \$7.4 million, or \$.07 per share after tax, resulting from the early termination of interest rate swaps. The earnings per share for the 2001 year have been adjusted to reflect the assumed conversion of the Company's convertible debentures, however, the earnings per share for the fourth quarter have not been adjusted to assume the conversion of the debentures because the effect would have been anti-dilutive.

Alan B. Miller, Chairman and CEO commented, "The core strengths of UHS were clearly evident in 2001. Admissions to our acute care hospitals and behavioral health facilities grew rapidly at 4.8% and 6.7% rates compared to the prior year. We continue to achieve substantial price increases from HMOs and insurance companies, and we are expanding our services in the many growing communities served by our hospitals. We acquired seven hospitals domestically and a leading hospital company in France during 2001. UHS remains one of the most financially stable organizations in health care and is well positioned to grow both from existing operations as well as through acquisitions of community hospitals and medical centers."

Universal Health Services, Inc. is one of the nation's largest hospital companies, operating acute care and behavioral health hospitals and ambulatory surgery and radiation centers nationwide, in Puerto Rico, and in France. It acts as the advisor to Universal Health Realty Income Trust, a real estate investment trust (NYSE: UHT).

Certain statements in this release may constitute forward-looking statements and are subject to various risks and uncertainties as discussed in the Company's filings with Securities and Exchange Commission. The Company is not obligated to update these forward-looking statements even if the Company's assessment of these risks and uncertainties changes.

For additional information on the Company, visit our web site: <http://www.uhsinc.com>.

Universal Health Services, Inc.
Consolidated Statements of Income
(in thousands, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2001	2000	2001	2000
Net revenues	\$724,162	\$614,822	\$2,840,491	\$2,242,444
Operating charges:				
Salaries, wages and benefits	289,643	240,845	1,122,428	873,747
Other operating expenses	179,286	145,415	668,026	515,084
Supplies expense	91,469	80,368	368,091	301,663

Provision for doubtful accounts	53,438	56,541	240,025	192,625
Depreciation and amortization	32,893	28,531	127,523	112,809
Lease and rental expense	13,951	12,688	53,945	49,039
Interest expense, net	7,368	8,427	36,176	29,941
Provision for insurance settlements / nonrecurring charges	40,000	7,747	40,000	7,747
	708,048	580,562	2,656,214	2,082,655
Income before minority interests, effect of foreign exchange and derivative transactions and income taxes	16,114	34,260	184,277	159,789
Minority interests in earnings of consolidated entities	6,194	3,995	17,518	13,681
Losses on foreign exchange and derivative transactions	7,353	0	8,862	0
Income before income taxes	2,567	30,265	157,897	146,108
Provision for income taxes	632	11,176	57,147	52,746
Net income before extraordinary charge	1,935	19,089	100,750	93,362
Extraordinary charge from early extinguishment of debt, net of taxes	1,008	0	1,008	0
Net income	\$927	\$19,089	\$99,742	\$93,362
Earnings per common share - basic	\$0.02	\$0.32	\$1.67	\$1.55
Earnings per common share - diluted	\$0.02	\$0.31	\$1.60	\$1.50
Weighted average number of common shares - basic	59,829	59,674	59,874	60,220
Weighted average number of common share equivalents	688	7,492	7,346	4,600
Weighted average number of common shares and equiv. - diluted	60,517	67,166	67,220	64,820
EARNINGS PER SHARE CALCULATION				
Net income	\$927	\$19,089	\$99,742	\$93,362
Add: Debenture interest, net of taxes	0	1,884	8,120	4,092
Adjusted net income	\$927	\$20,973	\$107,862	\$97,454
Weighted average number of common shares - basic	59,829	59,674	59,874	60,220
Add: Shares for conversion of convertible debentures	0	6,577	6,577	3,504
Other share equivalents	688	913	769	1,096
Weighted average number of common shares and equiv. -				

diluted	60,517	67,164	67,220	64,820
Earnings per common share - diluted	\$0.02	\$0.31	\$1.60	\$1.50

Universal Health Services, Inc.
Condensed Consolidated Balance Sheets
(in thousands)

	December 31, 2001	December 31, 2000
Assets: □		
Cash and cash equivalents	\$22,848	\$10,545
Accounts receivable, net	418,083	376,601
Other current assets	107,331	89,309
Property, plant and equipment, net	1,031,009	838,246
Funds restricted for construction	196	37,381
Other assets	535,117	390,295
	\$2,114,584	\$1,742,377
Liabilities and Stockholders' Equity:		
Current portion of long-term debt	\$2,436	\$689
Other current liabilities	320,280	248,151
Other noncurrent liabilities	110,385	71,730
Minority interest	125,914	120,788
Long-term debt	718,830	548,064
Deferred income taxes	28,839	36,381
Stockholders' equity	807,900	716,574
	\$2,114,584	\$1,742,377

UNIVERSAL HEALTH SERVICES, INC.
SELECTED HOSPITAL STATISTICS
DECEMBER 31, 2001

AS REPORTED:

FOR THE THREE MONTHS ENDED

	ACUTE			BEHAVIORAL HEALTH		
	12/31/01	12/31/00	%	12/31/01	12/31/00	%
Hospitals owned and leased	33	23	43.5%	37	34	8.8%
Average licensed beds	6,616	5,197	27.3%	3,749	3,394	10.5%
Patient days	355,252	261,808	35.7%	231,907	202,246	14.7%
Average daily census	3,861.4	2,845.7	35.7%	2,520.7	2,198.3	14.7%
Occupancy- □ licensed beds	58.4%	54.8%	6.6%	67.2%	64.8%	3.8%
Admissions	76,426	55,620	37.4%	18,929	15,779	20.0%
Length of stay	4.6	4.7	-1.2%	12.3	12.8	-4.4%
Inpatient □ revenue	\$1,054,884	\$842,789	25.2%	\$218,163	\$193,890	12.5%
Outpatient □ revenue	372,664	293,150	27.1%	35,985	31,077	15.8%
Total patient revenue	1,427,548	1,135,939	25.7%	254,148	224,967	13.0%
Other revenue	17,171	13,954	23.1%	10,411	10,152	2.6%
Gross hospital revenue	1,444,719	1,149,893	25.6%	264,559	235,119	12.5%
Total deductions	870,787	668,092	30.3%	132,626	119,524	11.0%

Net hospital revenue \$573,932 \$481,801 19.1% \$131,933 \$115,595 14.1%

AS REPORTED:

FOR THE TWELVE MONTHS ENDED

	ACUTE			BEHAVIORAL HEALTH		
	12/31/01	12/31/00	%	12/31/01	12/31/00	%
Hospitals owned and leased	33	23	43.5%	37	34	8.8%
Average licensed beds	6,234	4,980	25.2%	3,732	2,612	42.9%
Patient days	1,328,609	1,017,646	30.6%	950,236	608,423	56.2%
Average daily census	3,640.0	2,780.5	30.9%	2,603.4	1,662.4	56.6%
Occupancy-licensed beds	58.4%	55.8%	4.6%	69.8%	63.6%	9.6%
Admissions	285,222	214,771	32.8%	78,688	49,971	57.5%
Length of stay	4.7	4.7	-1.7%	12.1	12.2	-0.8%
Inpatient revenue	\$4,075,726	\$3,152,132	29.3%	\$908,424	\$584,030	55.5%
Outpatient revenue	1,437,610	1,104,264	30.2%	143,907	103,015	39.7%
Total patient revenue	5,513,336	4,256,396	29.5%	1,052,331	687,045	53.2%
Other revenue	61,015	52,856	15.4%	40,094	35,105	14.2%
Gross hospital revenue	5,574,351	4,309,252	29.4%	1,092,425	722,150	51.3%
Total deductions	3,340,466	2,492,899	34.0%	553,982	365,810	51.4%
Net hospital revenue	\$2,233,885	\$1,816,353	23.0%	\$538,443	\$356,340	51.1%

SAME STORE:

FOR THE THREE MONTHS ENDED

	ACUTE (A)			BEHAVIORAL HEALTH (B)		
	12/31/01	12/31/00	%	12/31/01	12/31/00	%
Hospitals owned and leased	23	23	0.0%	34	34	0.0%
Average licensed beds	5,500	5,197	5.8%	3,408	3,394	0.4%
Patient days	276,478	261,804	5.6%	209,300	202,244	3.5%
Average daily census	3,005.2	2,845.7	5.6%	2,275.0	2,198.3	3.5%
Occupancy-licensed beds	54.6%	54.8%	-0.2%	66.8%	64.8%	3.1%
Admissions	58,237	55,620	4.7%	16,912	15,779	7.2%
Length of stay	4.7	4.7	0.9%	12.4	12.8	-3.4%

SAME STORE:

FOR THE TWELVE MONTHS ENDED

	ACUTE (A)			BEHAVIORAL HEALTH (B)		
	12/31/01	12/31/00	%	12/31/01	12/31/00	%
Hospitals owned and leased	23	23	0.0%	34	34	0.0%
Average licensed beds	5,202	4,976	4.5%	2,551	2,549	0.1%

Patient days	1,073,275	1,017,700	5.5%	633,560	608,438	4.1%
Average daily census	2,940.5	2,780.6	5.7%	1,735.8	1,662.4	4.4%
Occupancy-licensed beds	56.5%	55.9%	1.2%	68.0%	65.2%	4.3%
Admissions	225,042	214,771	4.8%	53,324	49,971	6.7%
Length of stay	4.8	4.7	0.6%	11.9	12.2	-2.4%

(A) St. Mary's is included in the current and prior year totals beginning August 1st and Ft. Duncan is included in the current and prior year totals beginning September 16.

Rancho Springs and nine French hospitals are excluded in both current and prior years.

(B) Pembroke, San Juan Capistrano and Westwood lodge are excluded in both current and prior year.

The facilities acquired from Charter are included beginning August 18 in both current and prior years.

Universal Health Services, Inc.
Supplemental Statistical Information
(unaudited) □

Same Store Basis	% Change Quarter Ended 12/31/2001	% Change Year Ended 12/31/2001
Acute Care Hospitals		
Revenues	11.4%	13.8%
Adjusted Admissions	5.2%	5.0%
Adjusted Patient Days	6.1%	6.0%
Revenue Per Adjusted Admission	5.8%	8.4%
Revenue Per Adjusted Patient Day	4.9%	7.4%
Behavioral Health Hospitals		
Revenues	3.5%	7.1%
Adjusted Admissions	7.9%	5.3%
Adjusted Patient Days	4.2%	2.7%
Revenue Per Adjusted Admission	-4.1%	1.7%
Revenue Per Adjusted Patient Day	-0.7%	4.2%
UHS Consolidated		
	Fourth Quarter Ended 12/31/2001	Twelve Months Ended 12/31/2000
Revenues	\$724,162	\$614,822
EBITDA (net of minority interest) *	\$90,181	\$74,970
Cash Flow From Operations	\$49,398	\$25,333
Days Sales Outstanding	53	56
Capital Expenditures	\$41,393	\$42,317
Debt (net of cash)	\$698,418	\$538,208
Shareholders Equity	\$807,900	\$716,574
Debt/Total □		
Capitalization	46.4%	42.9%
Debt / EBITDA	-----	-----
Debt / Cash From Operations	-----	-----
	2.24	2.95
EBITDA Margin **	13.3%	12.8%
	13.7%	13.8%

Acute Care EBITDA Margin ***	15.6%	16.0%	16.0%	16.6%
Behavioral Health EBITDA Margin ***	16.1%	14.8%	17.4%	16.1%

* Excluding Non-Recurring Charges

** Excluding Non-Recurring Charges and minority interest

*** Before Corporate overhead allocation and minority interest

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