FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

AMSURG CORP

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998

COMMISSION FILE NUMBER 000-22217

AMSURG CORP.
(Exact Name of Registrant as Specified in its Charter)

TENNESSEE	62-1493316
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
ONE BURTON HILLS BOULEVARD SUITE 350 NASHVILLE, TN	37215
(Address of principal executive offices)	(Zip code)

(615) 665-1283
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
NONE	NONE

Securities registered pursuant to Section 12(g) of the Act:

CLASS A COMMON STOCK, NO PAR VALUE
(Title of class)

CLASS B COMMON STOCK, NO PAR VALUE
(Title of class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filer pursuant to Item 405 of Regulation S-K (ss. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of March 22, 1999, 9,539,049 shares of the Registrant's Class A Common Stock and 4,787,131 shares of the Registrant's Class B Common Stock were outstanding. The aggregate market value of the shares of Common Stock (based upon the closing sale price of these shares as reported on the Nasdaq National Market on March 22, 1999) of the Registrant held by nonaffiliates on March 22, 1999 was approximately $90,600,000. This calculation assumes that all shares of Common Stock beneficially held by executive officers and members of the Board of Directors of the Registrant are owned by "affiliates," a status which each of the officers and directors individually disclaims.

Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held May 21, 1999 are incorporated by reference into Part III of this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

AmSurg Corp. (the "Company" or "AmSurg") was formed in April 1992 for the purpose of developing, acquiring and operating practice-based ambulatory surgery centers, in partnerships with physician practice groups, throughout the United States. An AmSurg surgery center is typically located adjacent to or in the immediate vicinity of the specialty medical practice of a physician group partner's office. Each of the surgery centers provides a narrow range of high volume, lower-risk surgical procedures, generally in a single specialty, and has been designed with a cost structure that enables the Company to charge fees which management believes are generally less than those charged by hospitals and freestanding outpatient surgery centers for similar services performed on an outpatient basis. As of December 31, 1998, the Company owned a majority interest in 52 surgery centers in 21 states and the District of Columbia. As of December 31, 1998, the Company also had five centers under development and had executed letters of intent to acquire or develop eight additional centers. The Company is utilizing its surgery centers in selected markets as a base to develop specialty physician networks that are designed to serve large numbers of covered lives and thus strengthen the Company's position in dealing with managed care organizations. As of December 31, 1998, the Company had established seven specialty physician networks, located in Alabama, Florida, Kansas, Ohio, Tennessee and Texas.

AmSurg Corp. was organized as a Tennessee corporation in 1992. The Company's principal executive offices are located at One Burton Hills Boulevard, Suite 350, Nashville, Tennessee 37215, and its telephone number is 615-665-1283.

INDUSTRY OVERVIEW

In recent years, government programs, private insurance companies, managed care organizations and self-insured employers have implemented various cost-containment measures to limit the growth of healthcare expenditures. These cost-containment measures, together with technological advances, have resulted in a significant shift in the delivery of healthcare services away from traditional inpatient hospitals to more cost-effective alternate sites, including ambulatory surgery centers.

According to SMG Marketing Group Inc.'s Freestanding Outpatient Surgery Center Directory (June 1998), an industry publication, outpatient surgical procedures represented approximately 73% of all surgical procedures performed in the United States in 1997 and the number of outpatient surgery cases increased 71% from 3.1 million in 1993 to 5.3 million in 1997. As of December 31, 1997, there were 2,634 freestanding ambulatory surgery centers in the U.S., of which 155 were owned by hospitals and 704 were owned by corporate entities. The remaining 1,775 centers were independently owned, primarily by physicians.

The Company believes that the following factors have contributed to the growth of ambulatory surgery:

Cost-Effective Alternative. Ambulatory surgery is generally less expensive than hospital inpatient surgery. In addition, the Company believes that surgery performed at a practice-based ambulatory surgery center is generally less expensive than hospital-based ambulatory surgery for a number of reasons, including lower facility development costs, more efficient staffing and space utilization and a specialized operating environment focused on cost containment. Interest in ambulatory surgery centers has grown as managed care organizations have continued to seek a cost-effective alternative to inpatient services.

Physician and Patient Preference. The Company believes that many physicians prefer practice-based ambulatory surgery centers. The Company believes that such centers enhance physicians' productivity by providing them with greater scheduling flexibility, more consistent nurse staffing and faster turnaround time between cases, allowing them to perform more surgeries in a defined period of time. In contrast, hospitals and freestanding multi-specialty ambulatory surgery centers generally serve a broader group of physicians, including those involved with emergency procedures, resulting in postponed or delayed surgeries. Additionally, many physicians choose to perform surgery in a practice-based ambulatory surgery center because their patients prefer the simplified admissions and discharge procedures and the less institutional atmosphere.

New Technology. New technology and advances in anesthesia, which have been increasingly accepted by physicians, have significantly expanded the types of surgical procedures that are being performed in ambulatory surgery centers. Lasers, enhanced endoscopic techniques and fiber optics have reduced the trauma and recovery time associated with many surgical procedures. Improved anesthesia has shortened recovery time by minimizing post-operative side effects such as nausea and drowsiness, thereby avoiding, in some cases, overnight hospitalization.

STRATEGY

The Company believes it is a leader in the development, acquisition and operation of practice-based ambulatory surgery centers. The key components of the Company's strategy are:

Develop and Acquire Practice-Based Ambulatory Surgery Centers. The Company has grown and expects to continue to grow through a combination of acquisitions and development of single specialty centers throughout the United States.

Achieve Growth in Surgery Center Revenues and Profitability. The Company enhances physician productivity and promotes increased same-center revenues and profitability by creating operating efficiencies, including improved scheduling, group purchasing programs and the clinical efficiencies associated with operating a single specialty surgery center. In addition, the Company's operations are designed to attract additional managed care contracts by emphasizing convenience, a single specialty focus, lower cost procedures and the ability to contract for large numbers of covered lives.

Develop Specialty Networks. Utilizing single specialty ambulatory surgery centers to provide a cost advantage, the Company's strategy has evolved to include the development and ownership of specialty physician networks which offer specialty physician services, as well as outpatient surgery procedures with wide geographic coverage to managed care payers. These specialty networks will be developed in selected markets to provide broad geographic patient access points in the market through the network participation of high quality and strategically located practices.

As part of this strategy, the Company has established and is the majority owner of seven specialty physician networks. By establishing these networks, the Company believes it will be able to obtain additional contracts with managed care payers and increase the profitability of its surgery centers.

ACQUISITION AND DEVELOPMENT OF SURGERY CENTERS

Practice-based ambulatory surgery centers are licensed outpatient surgery centers generally equipped and staffed for a single medical specialty and are typically located in or adjacent to a physician group practice. The Company has targeted ownership in centers that perform gastrointestinal endoscopy, ophthalmology, urology, orthopaedics or otolaryngology procedures. These specialties perform many high volume, lower-risk procedures that are appropriate for the practice-based setting. The focus at each center on only the procedures in a single specialty results in these centers generally having significantly lower capital and operating costs than the costs of hospital and freestanding ambulatory surgery center alternatives that are designed to provide more intensive services in a broader array of surgical specialties. In addition, the practice-based surgery center, which is located in or adjacent to the group practice, provides a more convenient setting for the patient and for the physician performing the procedure. Improvements in technology are also enabling additional types of procedures to be performed in the practice-based setting.

The Company's development staff identifies existing centers that are potential acquisition candidates and identifies physician practices that are potential partners for new center development in the medical specialties which the Company has targeted for development. These candidates are then evaluated against the Company's project criteria which include several factors such as number of procedures currently being performed by the practice, competition from and the fees being charged by other surgical providers, relative competitive market position of the physician practice under consideration, ability to contract with payers in the market and state certificate of need ("CON") requirements for development of a new center.

In presenting the advantages to physicians of developing a new practice-based ambulatory surgery center in partnership with the Company, the Company's development staff emphasizes the proximity of a practice-based surgery center to a physician's office, the simplified administrative procedures, the ability to schedule consecutive cases without preemption by inpatient or emergency procedures, the rapid turnaround time between cases, the high technical competency of the center's clinical staff that performs only a limited number of specialized procedures, and state-of-the-art surgical equipment. The

Company also focuses on its expertise in developing and operating centers. In addition, as part of the Company's role as the general partner or manager of the surgery center partnerships and limited liability companies, the Company markets the centers to third party payers.

In a development project, AmSurg, among other things, provides the following services:

- Financial feasibility pro forma analysis;
- Assistance in state CON approval process;
- Site selection;
- Assistance in space analysis and schematic floor plan design;
- Analysis of local, state, and federal building codes;
- Negotiation of equipment financing with lenders;
- Equipment budgeting, specification, bidding, and purchasing;
- Construction financing;
- Architectural oversight;
- Contractor bidding;
- Construction management; and
- Assistance with licensing, Medicare certification and third party payer contracts.

The Company's ownership interests in practice-based ambulatory surgery centers generally are structured through limited and general partnerships or limited liability companies. The Company generally owns 51% to 70% of the partnerships or limited liability companies and acts as the general partner in each limited partnership. In development transactions, capital contributed by the physicians and the Company plus bank financing provides the partnership or limited liability company with the funds necessary to construct and equip a new surgery center and to provide initial working capital.

As part of each development and acquisition transaction, the Company enters into a partnership agreement or, in the case of a limited liability company, an operating agreement with its physician group partner. Under these agreements, the Company receives a percentage of the net income and cash distributions of the entity equal to its percentage interest in the entity and has the right to the same percentage of the proceeds of a sale or liquidation of the entity. As sole general partner, the Company is generally liable for the debts of the partnership.

These agreements generally provide that the Company will oversee the business and administrative operations of the surgery center, and that the physician group partner will provide the center with a medical director, and with certain specified services such as billing and collections, transcription, and accounts payable processing. In connection with the Company's management of the business operations at each center, the Company historically received a management fee paid by the partnership or limited liability company. The partnership or limited liability company also paid a physician group partner a medical director fee and a fee for providing certain administrative services to the center. Because the management fee usually approximates the value of services provided to the center by the physician practice, on an ongoing basis, the Company has structured its agreements so that the Company generally no longer provides for any of such fees in its partnerships or limited liability companies and instead the respective parties are required to provide the services pursuant to the terms of the partnership or operating agreement. For centers under development, the partnership or limited liability company generally pays a fee to the Company for management of the planning, construction and opening of the center.

In addition, these agreements typically provide that the limited partnership or limited liability company will lease certain non-physician personnel from the physician practice, who will provide services at the center. The cost of the salary and benefits of these personnel are reimbursed to the practice by the limited partnership or limited liability company. Certain significant aspects of the limited partnership's or limited liability company's governance are overseen by an operating board, which is comprised of equal representation by the Company and the physician partners.

The partnership and operating agreements provide that if certain regulatory changes take place the Company will be obligated to purchase some or all of the minority interests of the physicians affiliated with the Company in the partnerships or limited liability companies that own and operate the Company's surgery centers. The regulatory changes that could trigger such an obligation include changes that: (i) make the referral of Medicare and other patients to the Company's surgery centers by physicians affiliated with the

Company illegal; (ii) create the substantial likelihood that cash distributions from the partnership or limited liability company to the physicians associated therewith will be illegal; or (iii) cause the ownership by the physicians of interests in the partnerships or limited liability companies to be illegal. There can be no assurance that the Company's existing capital resources would be sufficient for it to meet the obligation, if it arises, to purchase minority interests held by physicians in the partnerships or limited liability companies which own and operate the Company's surgery centers. The determination of whether a triggering event has occurred is made by the concurrence of counsel for the Company and the physician partners or, in the absence of such concurrence, by independent counsel having an expertise in healthcare law and who is chosen by both parties. Such determination is therefore not within the control of the Company. While the Company has structured the purchase obligations to be as favorable as possible to the Company, the triggering of these obligations could have a material adverse effect on the financial condition and results of operations of the Company. See "--Government Regulation."

SURGERY CENTER LOCATIONS

The following table sets forth certain information relating to centers in operation as of December 31, 1998:

LOCATION	SPECIALTY PRACTICE	YEAR OR DATE ORIGINALLY OPENED	ACQUISITION DATE	OPERATING OR PROCEDURE ROOMS
ACQUIRED CENTERS:				
Knoxville, Tennessee..............	Gastroenterology	1987	November 1992	7
Topeka, Kansas....................	Gastroenterology	1990	November 1992	4
Nashville, Tennessee..............	Gastroenterology	1989	November 1992	3
Nashville, Tennessee..............	Gastroenterology	1988	December 1992	3
Washington, D.C...................	Gastroenterology	1990	November 1993	3
Melbourne, Florida................	Ophthalmology	1986	November 1993	3
Torrance, California..............	Gastroenterology	1990	February 1994	2
Sebastopol, California............	Ophthalmology	1988	April 1994	2
Maryville, Tennessee..............	Gastroenterology	1992	January 1995	3
Miami, Florida....................	Gastroenterology	1995	April 1995	7
Panama City, Florida..............	Gastroenterology	1993	July 1996	3
Ocala, Florida....................	Gastroenterology	1993	August 1996	3
Columbia, South Carolina..........	Gastroenterology	1988	October 1996	3
Wichita, Kansas...................	Orthopaedics	1991	November 1996	3
Minneapolis, Minnesota............	Gastroenterology	1993	November 1996	2
Crystal River, Florida............	Gastroenterology	1994	January 1997	3
Abilene, Texas....................	Ophthalmology	1987	March 1997	2
Fayetteville, Arkansas	Gastroenterology	1992	May 1997	2
Independence, Missouri............	Gastroenterology	1994	September 1997	2
Kansas City, Missouri.............	Gastroenterology	1995	September 1997	2
Phoenix, Arizona..................	Ophthalmology	1995	February 1998	2
Denver, Colorado..................	Gastroenterology	1995	April 1998	3
Sun City, Arizona.................	Ophthalmology	1984	May 1998	4
Westlake, California..............	Ophthalmology	1985	August 1998	1
Baltimore, Maryland	Gastroenterology	1995	November 1998	2
Naples, Florida...................	Gastroenterology	1992	November 1998	2
Boca Raton, Florida...............	Ophthalmology	1998	December 1998	2
DEVELOPED CENTERS:				
Santa Fe, New Mexico..............	Gastroenterology	May 1994	-	3
Tarzana, California...............	Gastroenterology	July 1994	-	3
Beaumont, Texas...................	Gastroenterology	October 1994	-	3
Abilene, Texas....................	Gastroenterology	December 1994	-	3
Knoxville, Tennessee..............	Ophthalmology	June 1996	-	2
West Monroe, Louisiana............	Gastroenterology	June 1996	-	2
Miami, Florida....................	Gastroenterology	September 1996	-	3
Sidney, Ohio......................	Ophthalmology, Urology General Surgery Otolaryngology	December 1996	-	3
Montgomery, Alabama...............	Ophthalmology	May 1997	-	2
Willoughby, Ohio..................	Gastroenterology	July 1997	-	2
Milwaukee, Wisconsin..............	Gastroenterology	July 1997	-	2

Chevy Chase, Maryland.............	Gastroenterology	July 1997	-	2
Melbourne, Florida................	Gastroenterology	August 1997	-	2
Lorain, Ohio......................	Gastroenterology	August 1997	-	2
Hillmont, Pennsylvania............	Gastroenterology	October 1997	-	2
Minneapolis, Minnesota............	Gastroenterology	November 1997	-	2
Hialeah, Florida..................	Gastroenterology	December 1997	-	3
Cleveland, Ohio...................	Ophthalmology	December 1997	-	2
Cincinnati, Ohio..................	Gastroenterology	January 1998	-	3
Evansville, Indiana...............	Ophthalmology	February 1998	-	2
Shawnee, Kansas...................	Gastroenterology	April 1998	-	2
Salt Lake City, Utah..............	Gastroenterology	April 1998	-	2
Oklahoma City, Oklahoma...........	Gastroenterology	May 1998	-	2
El Paso, Texas....................	Gastroenterology	December 1998	-	3
Toledo, Ohio......................	Gastroenterology	December 1998	-	3

</TABLE>

The Company's partnerships and limited liability companies generally lease certain of the real property in which its centers operate and the equipment used in certain of its centers, either from the physician partners or from unaffiliated parties. Two centers in operation at December 31, 1998 are located in buildings owned indirectly by the Company.

SURGERY CENTER OPERATIONS

The Company generally designs, builds, staffs and equips each of its facilities to meet the specific needs of a single specialty physician practice group. The Company's typical ambulatory surgery center averages 3,000 square feet and is located adjacent to or in the immediate vicinity of the specialty physicians' offices. Each center developed by the Company typically has two to three operating or procedure rooms with areas for reception, preparation, recovery and administration. Each surgery center is developed to perform an average of 2,500 procedures per year. As of December 31, 1998, 38 of the Company's centers in operation performed gastrointestinal endoscopy procedures, 12 centers performed ophthalmology procedures, one center performed orthopaedic procedures and one center performed ophthalmology, urology, general surgery and otolaryngology procedures. The procedures performed at the Company's centers generally do not require an extended recovery period following the procedures. The Company's centers are typically staffed with three to five clinical professionals and administrative personnel, some of whom may be shared with the physician practice group. The clinical staff includes nurses and surgical technicians.

The types of procedures performed at each center depend on the specialty of the practicing physicians. The typical procedures performed or to be performed most commonly at AmSurg centers in operation or under development within each specialty are:

- Gastroenterology--colonoscopy and endoscopy procedures
- Ophthalmology--cataracts and retinal laser surgery
- Orthopaedics--knee arthroscopy and carpal tunnel repair
- Urology--cystoscopy and biopsy
- Otolaryngology--myringotomy and tonsillectomy

The Company markets its surgery centers and networks directly to third-party payers, including health maintenance organizations ("HMOs"), preferred provider organizations ("PPOs"), other managed care organizations and employers. Payer-group marketing activities conducted by the Company's management and center administrators emphasize the high quality of care, cost advantages and convenience of the Company's surgery centers and are focused on making each center an approved provider under local managed care plans. In addition, the Company is pursuing relationships with selected physician groups in its markets in order to market a comprehensive specialty physician network that includes its surgery centers to managed care payers.

JCAHO ACCREDITATION

Thirty-two of the Company's surgery centers are currently accredited by the Joint Commission for the Accreditation of Healthcare Organizations ("JCAHO") and 14 surgery centers are scheduled for initial or renewal accreditation surveys during 1999. Of the accredited centers, all have received three-year certification. The Company believes that JCAHO accreditation is the quality benchmark for managed care organizations. Many managed care organizations will not contract with a facility until it is JCAHO accredited. The Company believes that its historical performance in the accreditation process reflects the Company's commitment to providing high quality care in its surgery centers.

SPECIALTY PHYSICIAN NETWORKS

Managed care organizations with significant numbers of covered lives are seeking to direct large numbers of patients to high-quality, low-cost providers and provider groups. The Company believes that specialty physician networks that include its practice-based surgery centers are attractive to managed care organizations because of the geographic coverage of the network, the lower costs associated with treatment, the availability of the complete delivery system for a specific specialty and high levels of patient satisfaction. As a result, the Company believes the development of such networks will position the Company to capture an increased volume of managed care contracts, including capitated contracts, and will increase the market share and profitability of the Company's surgery centers.

It is not expected that the specialty physician networks in themselves will be a significant source of income for the Company. These networks were and will be formed primarily as a contracting vehicle to generate revenues for the Company's practice-based surgery centers.

As of December 31, 1998, the Company had established and was the majority owner and operator of seven specialty physician networks consisting of two gastroenterology networks in Miami, Florida and Kansas City, Kansas and five ophthalmology/eye care networks in Knoxville, Tennessee, Montgomery, Alabama, Cleveland, Ohio, Abilene, Texas and Melbourne, Florida. As of December 31, 1998, three networks had secured managed care contracts and were operational. Each specialty physician network is formed as either a limited partnership or limited liability company in which the Company owns a majority interest. Individual physicians who practice in the medical specialty on which the network is focused own the minority interests in the network. These minority physician owners, who may or may not be affiliated with a Company surgery center, will provide the medical services to the patient population covered by the contracts the network will enter into with managed care payers. Following the establishment of a network, the Company will provide management services and marketing services to the network in an effort to secure patient service contracts with managed care payers. Fees paid by these networks to the Company are nominal and generally are intended to cover the Company's cost in providing such services.

In addition, as part of its network development strategy, in January 1996 and January 1997 the Company acquired a majority interest in the assets of two physician practices in Miami, Florida. As a result of the Company's experience in developing specialty physician networks, the Company concluded that ownership of physician practices is required in order to establish a specialty physician network. In May 1998, the Board of Directors approved a plan for the Company to dispose of its physician practice interests 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 and specialty networks. Both practices were sold in 1998.

REVENUES

The Company's principal source of revenues is a facility fee charged for surgical procedures performed in its 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 to third-party payers by such physicians. The Company's other source of revenues historically has been fees for physician services performed by the two physician group practices in which the Company owned a majority interest, but which were disposed of in the second and fourth quarters of 1998.

Practice-based ambulatory surgery centers such as those in which the Company owns a majority interest depend upon third-party reimbursement programs, including governmental and private insurance programs, to pay for services rendered to patients. The Company derived approximately 41% of its net revenues from governmental healthcare programs, including Medicare and Medicaid, in 1998. The Medicare program currently pays ambulatory surgery centers and physicians in accordance with fee schedules which are prospectively determined.

On June 12, 1998, HCFA 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 is subject to a comment period that has been extended until June 30, 1999, and provides for an implementation date that has been extended to a date no earlier than January 2000. The proposed rule reduces the rates paid for certain ambulatory surgery center procedures reimbursed by Medicare, including a number of endoscopy and ophthalmological procedures performed at the Company's centers.

The Company believes that the proposed rule if adopted in its current form would adversely affect the Company's annual revenues by approximately 4% at that time. However, if the proposed rule were adopted in its current form, the Company expects that the earnings impact will be offset by certain actions taken by the Company or that the Company intends to take, including actions to effect certain cost efficiencies in center operations, reduce corporate overhead costs and provide for contingent purchase price adjustments for future acquisitions. There can be no assurance that the Company will be able to implement successfully these actions or that if implemented the actions will offset fully the adverse impact of the rule, as finally adopted, on the earnings of the Company. There also can be no assurance that HCFA will not modify the proposed rule, before it is enacted in final form, in a manner that would adversely impact the Company's financial condition, results of operation and business prospects.

In addition to payment from governmental programs, ambulatory surgery centers derive a significant portion of their net revenues from private healthcare reimbursement plans. These plans include both standard indemnity insurance programs as well as managed care structures such as PPOs, HMOs and other similar structures. The strengthening of managed care systems nationally has resulted in substantial competition among providers of services, including providers of surgery center services with greater financial resources and market penetration than the Company, to contract with these systems. The Company believes that all payers, both governmental and private, will continue their efforts over the next several years to reduce healthcare costs and that their efforts will generally result in a less stable market for healthcare services. While no assurances can be given concerning the ultimate success of the Company's efforts to contract with healthcare payers, the Company believes that its position as a low-cost alternative for certain surgical procedures should enable the Company's centers to compete effectively in the evolving healthcare marketplace.

Approximately 6% of the Company's revenues during 1998 were generated by capitated payment contracts with HMOs. These revenues generally were attributable to contracts held by the physician practices and a surgery center in which the Company held a majority interest. Approximately 60% of the revenue associated with these contracts in 1998 were a part of the operations of the disposed practices. The other contracts require the surgery centers to provide certain outpatient surgery services for the HMO members on an exclusive basis. The services required by these contracts are provided almost solely by surgery centers in which the Company owns a majority interest. Because the Company is only at risk for the cost of providing relatively limited healthcare services to these HMO members, the Company's risk of overutilization by HMO members is limited to the cost of the supplies, drugs and nursing staff expense required for outpatient surgery.

COMPETITION

The Company encounters competition in two separate areas: competition with other companies for its physician partnership relationships, and competition with other providers for patients and for contracting with managed care payers in each of its markets.

Competition for Partnership Relationships. The Company believes that it does not have a direct competitor in the development of practice-based ambulatory surgery centers across the specialties of gastroenterology, ophthalmology, otolaryngology, urology, and orthopaedic surgery. There are, however, several large, publicly held companies, or divisions or subsidiaries of large publicly held companies, that develop freestanding multi-specialty surgery centers, and these companies may compete with the Company in the development of centers.

Many physician groups develop surgery centers without a corporate partner. It is generally difficult, however, in the rapidly evolving healthcare industry, for a single practice to create effectively the efficient operations and marketing programs necessary to compete with other provider networks and companies. Because of this, as well as the financial investment necessary to develop surgery centers, physician groups are attracted to corporate partners, such as AmSurg. Other factors that may influence the physicians' decisions concerning the choice of a corporate partner are the potential corporate partner's experience, reputation and access to capital.

There are several companies, many in niche markets, that acquire existing practice-based ambulatory surgery centers and specialty physician practices. Many of these competitors have greater resources than the Company. Most of the Company's competitors acquire centers through the acquisition of the related physician practice. The principal competitive factors that affect the ability of the Company and its competitors to acquire surgery centers are price, experience and reputation, access to capital and willingness to acquire a surgery center without acquiring the physician practice.

While there are a few national networking companies that specialize in the establishment and operation of single specialty networks similar to the Company's networks, most networks are either multi-specialty or primary care based. The competitive factors the Company primarily experiences in the development of specialty networks include the ability to attract physician practice groups to the network and to achieve market penetration and geographic coverage.

Competition for Patients and Managed Care Contracts. The Company believes that its surgery centers can provide lower-cost, high quality surgery in a more comfortable environment for the patient in comparison to hospitals and to freestanding surgery centers with which the Company competes for managed care contracts. In addition, the existence of the Company's specialty physician networks provides the geographic access that managed care companies desire. Competition for managed care contracts with other providers is focused on pricing of services, quality of services, and affiliation with key physician groups in a particular market.

GOVERNMENT REGULATION

The healthcare industry is subject to extensive regulation by a number of governmental entities at the federal, state and local level. Regulatory activities affect the business activities of the Company, by controlling the Company's growth, requiring licensure and certification for its facilities, regulating the use of the Company's properties, and controlling reimbursement to the Company for the services it provides.

CONs and State Licensing. CON regulations control the development of ambulatory surgery centers in certain states. CONs generally provide that prior to the expansion of existing centers, the construction of new centers, the acquisition of major items of equipment or the introduction of certain new services, approval must be obtained from the designated state health planning agency. State CON statutes generally provide that, prior to the construction of new facilities or the introduction of new services, a designated state health planning agency must determine that a need exists for those facilities or services. The Company's development of ambulatory surgery centers generally focuses on states that do not require CONs. However, acquisitions of existing surgery centers, even in states that require CONs for new centers, generally do not require CON regulatory approval.

State licensing of ambulatory surgery centers is generally a prerequisite to the operation of each center and to participation in federally funded programs, such as Medicare and Medicaid. Once a center becomes licensed and operational, it must continue to comply with federal, state and local licensing and certification requirements in addition to local building and life safety codes. In addition, every state imposes licensing requirements on individual physicians, and facilities and services operated and owned by physicians. Physician practices are also subject to federal, state and local laws dealing with issues such as occupational safety, employment, medical leave, insurance regulations, civil rights and discrimination, and medical waste and other environmental issues.

Corporate Practice of Medicine. The Company is not required to obtain a license to practice medicine in any jurisdiction in which it owns and operates an ambulatory surgery center, because the surgery centers are not engaged in the practice of medicine. The physicians who perform procedures at the surgery centers are licensed to practice medicine through their group practices which are not affiliated with the Company other than through the physicians' ownership in the partnerships and limited liability companies that own the surgery centers.

Insurance Laws. Laws in all states regulate the business of insurance and the operation of HMOs. Many states also regulate the establishment and operation of networks of healthcare providers. The Company believes that its operations are in compliance with these laws in the states in which it currently does business. The National Association of Insurance Commissioners (the "NAIC") recently endorsed a policy proposing the state regulation of risk assumption by healthcare providers. The policy proposes prohibiting providers from entering into capitated payment or other risk sharing contracts except through HMOs or insurance companies. Several states have adopted regulations implementing the NAIC policy in some form. In states where such regulations have been adopted, healthcare providers will be precluded from entering into capitated contracts directly with employers and benefit plans other than HMOs and insurance companies.

The Company and its affiliated groups may in the future enter into contracts with managed care organizations, such as HMOs, whereby the Company and its affiliated groups would assume risk in connection with providing healthcare services under capitation arrangements. If the Company or its affiliated groups are considered to be in the business of insurance as a result of entering into such risk sharing arrangements, they could become subject to a variety of regulatory and licensing requirements applicable to insurance companies or HMOs, which could have a material adverse effect upon the Company's ability to enter into such contracts.

With respect to managed care contracts that do not involve capitated payments or some other form of financial risk sharing, federal and state antitrust laws restrict the ability of healthcare provider networks such as the Company's specialty physician networks to negotiate payments on a collective basis.

Reimbursement. The Company depends upon third-party programs, including governmental and private health insurance programs, to reimburse it for services rendered to patients in its ambulatory surgery centers. In order to receive Medicare reimbursement, each ambulatory surgery center must meet the applicable conditions of participation set forth by the Department of Health and Human Services ("DHHS") relating to the type of facility, its equipment, personnel and standard of medical care, as well as compliance with state and local laws and regulations, all of which are subject to change from time to time. Ambulatory surgery centers undergo periodic on-site Medicare certification surveys. Each of the existing AmSurg centers is certified as a Medicare provider. Although the Company intends for its centers to participate in Medicare and other government reimbursement programs, there can be no assurance that these centers will continue to qualify for participation.

Medicare-Medicaid Illegal Remuneration Provisions. The anti-kickback statute makes unlawful knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe, or rebate) directly or indirectly to induce or in return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under Medicare or Medicaid. Violation is a felony punishable by a fine of up to $25,000 or imprisonment for up to five years, or both. The Medicare and Medicaid Patient Program Protection Act of 1987 (the "1987 Act") provides administrative penalties for healthcare practices which encourage overutilization or illegal remuneration when the costs of services are reimbursed under the Medicare program. Loss of Medicare certification and severe financial penalties are included among the 1987 Act's sanctions. The 1987 Act, which adds to the criminal penalties under preexisting law, also directs the Inspector General of the DHHS to investigate practices which may constitute overutilization, including investments by healthcare providers in medical diagnostic facilities and to promulgate regulations establishing exemptions or "safe harbors" for investments by medical service providers in legitimate business ventures that will be deemed not to violate the law even though those providers may also refer patients to such a venture. Regulations identifying safe harbors were published in final form in July 1991 (the "Regulations").

The Regulations set forth two specific exemptions or "safe harbors" related to "investment interests": the first concerning investment interests in large publicly traded companies ($50,000,000 in net tangible assets) and the second for investments in smaller entities. The partnerships and limited liability companies that own the AmSurg centers do not meet all of the criteria of either existing "investment interests" safe harbor as announced in the Regulations.

While several federal court decisions have aggressively applied the restrictions of the anti-kickback statute, they provide little guidance as to the application of the anti-kickback statute to the Company's partnerships and limited liability companies. The Company believes that it is in compliance with the current requirements of applicable federal and state law because among other factors:

i. the partnerships and limited liability companies exist to effect legitimate business purposes, including the ownership, operation and continued improvement of quality, cost effective and efficient services to their patients;

ii. the partnerships and limited liability companies function as an extension of the group practices of physicians who are affiliated with the surgery centers and the surgical procedures are performed personally by these physicians without referring the patients outside of their practice;

iii. the physician partners have a substantial investment at risk in the partnership or limited liability company;

iv. terms of the investment do not take into account volume of the physician partner's past or anticipated future services provided to patients of the centers;

v. the physician partners are not required or encouraged as a condition of the investment to treat Medicare or Medicaid patients at the centers or to influence others to refer such patients to the centers for treatment;

vi. the partnership, limited liability company, the AmSurg subsidiary and their affiliates generally will not loan any funds to or guarantee any debt on behalf of the physician partners; and

vii. distributions by the partnerships and limited liability companies are allocated uniformly in proportion to ownership interests.

The Regulations also set forth a safe harbor for personal services and management contracts. Certain of the Company's partnerships and limited liability companies have entered into ancillary services agreements with their physician partners' group practice pursuant to which the practice provides the center with billing and collections, transcription, payables processing and payroll services. The consideration payable by the partnership or limited liability company for these services is based on the volume of services provided by the practice which is measured by the partnership or limited liability company's revenues. Although these relationships do not meet all of the criteria of the personal services and management contracts safe harbor, the Company believes that the ancillary services agreements are in compliance with the current requirements of applicable federal and state law because, among other factors, the fees payable to the physician practice approximate the practice's cost of providing the services thereunder.

Notwithstanding the Company's belief that the relationship of physician partners to the AmSurg surgery centers should not constitute illegal remuneration under the anti-kickback statute, no assurances can be given that a federal or state agency charged with enforcement of the anti-kickback statute and similar laws might not assert a contrary position or that new federal or state laws might not be enacted that would cause the physician partners' ownership interest in the AmSurg centers to become illegal, or result in the imposition of penalties on the Company or certain of its facilities. Even the assertion of a violation could have a material adverse effect upon the Company.

Prohibition on Physician Ownership of Healthcare Facilities. The so-called "Stark II" provisions of the Omnibus Budget Reconciliation Act of 1993 ("OBRA 93") amend the federal Medicare statute to prohibit a referral by a physician for "designated health services" to an entity in which the physician has an investment interest or other financial relationship, subject to certain exceptions. A referral under Stark II that does not fall within an exception is strictly prohibited. This prohibition took effect on January 1, 1995. Sanctions for violating Stark II can include civil monetary penalties and exclusion from Medicare and Medicaid.

Ambulatory surgery is not identified as a "designated health service", and the Company, therefore, does not believe that ambulatory surgery is otherwise subject to the restrictions set forth in Stark II. Proposed regulations pursuant to Stark II that were published on January 9, 1998 specifically provide that services provided in any ambulatory surgery center and reimbursed under the composite payment rate are not designated health services. However, unfavorable final Stark II regulations or subsequent adverse court interpretations concerning similar provisions found in recently enacted state statutes could prohibit reimbursement for treatment provided by the physicians affiliated with the Company's centers to their patients. The Company cannot predict whether other regulatory or statutory provisions will be enacted by federal or state authorities which would prohibit or otherwise regulate relationships which the Company has established or may establish with other healthcare providers or the possibility of material adverse effects on its business or revenues arising from such future actions. The Company believes, however, that it will be able to adjust its operations so as to be in compliance with any regulatory or statutory provision, as may be applicable.

The Company is subject to state and federal laws that govern the submission of claims for reimbursement. These laws generally prohibit an individual or entity from knowingly and willfully presenting a claim (or causing a claim to be presented) for payment from Medicare, Medicaid or other third party payers that is false or fraudulent. The standard for "knowing and willful" often includes conduct that amounts to a reckless disregard for whether accurate information is presented by claims processors. Penalties under these statutes include substantial civil and criminal fines, exclusion from the Medicare program, and imprisonment. One of the most prominent of these laws is the federal False Claims Act, which may be enforced by the federal government directly, or by a qui tam plaintiff on the government's behalf. Under the False Claims Act, both the government and the private plaintiff, if successful, are permitted to recover substantial monetary penalties, as well as an amount equal to three times actual damages. In recent cases, some qui tam plaintiffs have taken the position that violations of the anti-kickback statute and Stark II should also be prosecuted as violations of the federal False Claims Act. The Company believes that it has procedures in place to ensure the accurate completion of claims forms and requests for payment. However, the laws and regulations defining the proper parameters of proper Medicare or Medicaid billing are frequently unclear and have not been subjected to extensive judicial or agency interpretation. Billing errors can occur despite the Company's best efforts to prevent or correct them, and no assurances can be given that the government will regard such errors as inadvertent and not in violation of the False Claims Act or related statutes.

Under its agreements with its physician partners, the Company is obligated to purchase the interests of the physicians at the greater of the physicians' capital account or a multiple of earnings in the event that their continued ownership of interests in the partnerships and limited liability companies becomes prohibited by the statutes or regulations described above. The determination of such a prohibition is required to be made by counsel of the Company in concurrence with counsel of the physician partners, or if they cannot concur, by a nationally recognized law firm with an expertise in healthcare law jointly selected by the Company and the physician partners. The interest required to be purchased by the Company will not exceed the minimum interest required as a result of the change in the statute or regulation causing such prohibition.

EMPLOYEES

As of December 31, 1998, the Company and its affiliated entities employed approximately 300 persons, 200 of whom were full-time employees and 100 of whom were part-time employees. Of the above, 68 were employed at the Company's headquarters in Nashville, Tennessee. In addition, approximately 210 employees are leased on a full-time basis and 140 are leased on a part-time basis from the associated physician practices. None of these employees are represented by a union. The Company believes its relationship with its employees to be excellent.

LEGAL PROCEEDINGS AND INSURANCE

From time to time, the Company may be named a party to legal claims and proceedings in the ordinary course of business. Management is not aware of any claims or proceedings against it, its partnerships or limited liability companies that might have a material financial impact on the Company.

Each of the Company's surgery centers and physician practices maintains separate medical malpractice insurance in amounts it deems adequate for its business.

ITEM 2. PROPERTIES

The Company's principal executive offices are located in Nashville, Tennessee and contain an aggregate of approximately 15,000 square feet of office space, which the Company subleases from American Healthcorp, Inc. ("AHC") pursuant to an agreement that expires in December 1999. AmSurg partnerships and limited liability companies generally lease space for their surgery centers. Fifty of the centers in operation at December 31, 1998 lease space ranging from 1,200 to 13,400 square feet with remaining lease terms ranging from two to eighteen years. Two centers in operation at December 31, 1998 are located in buildings owned indirectly by the Company.

ITEM 3. LEGAL PROCEEDINGS

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding executive officers of the Company as of December 31, 1998. Executive officers of the Company serve at the pleasure of the Board of Directors.

NAME	AGE	POSITION WITH THE COMPANY
Ken P. McDonald	58	Chief Executive Officer since December 1997; President and a director since July 1996; Executive Vice President from December 1994 through July 1996 and Chief Operating Officer from December 1994 until December 1997.
Claire M. Gulmi	45	Chief Financial Officer since September 1994; Senior Vice President since March 1997; Secretary since December 1997; Vice President from September 1994 through March 1997.
Royce D. Harrell	53	Senior Vice President of Operations since October 1992.
Rodney H. Lunn	49	Senior Vice President of Center Development since 1992; director from 1992 until February 1997.
David L. Manning	49	Senior Vice President of Development and Assistant Secretary of the Company since April 1992.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Class A Common Stock and Class B Common Stock began trading on December 4, 1997 on the Nasdaq Stock Market's National Market under the symbols "AMSGA" and "AMSGB", respectively.

The following table sets forth the high and low sales prices per share of each class of common stock as reported on the Nasdaq National Market from December 4, 1997 through December 31, 1997 and each of the quarters in 1998.

	HIGH	LOW
December 4, 1997 through December 31, 1997:		
AMSGA......................................	$ 9.50	$7.50

AMSGB	$ 9.25	$7.38
Quarter ended March 31, 1998:		
AMSGA	$10.25	$6.75
AMSGB	$10.00	$6.63
Quarter ended June 30, 1998:		
AMSGA	$11.25	$7.25
AMSGB	$11.00	$6.00
Quarter ended September 30, 1998:		
AMSGA	$ 7.81	$6.00
AMSGB	$ 7.38	$5.00
Quarter ended December 31, 1998:		
AMSGA	$ 7.88	$6.50
AMSGB	$ 7.56	$6.00

</TABLE>

At March 22, 1999 there were approximately 2,100 holders of the Class A Common Stock, including 167 shareholders of record, and 1,600 holders of the Class B Common Stock, including 98 shareholders of record.

The Company has never declared or paid a cash dividend on its common stock. The Company intends to retain its earnings to finance the growth and development of its business and does not expect to declare or pay any cash dividends in the foreseeable future. The declaration of dividends is within the discretion of the Company's 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.

On September 24, 1997, the Company issued 1,500 shares of Class A Common Stock at a range of $3.09 to $4.68 per share upon the exercise of stock options pursuant to the exemptions from registration afforded by Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act") and Regulation D of the Securities Act.

At various times during the period beginning May 12, 1997 and ending December 31, 1997, the Company sold an aggregate of 175,882 shares of Class A Common Stock to physician practices and individual physicians as partial consideration in connection with the acquisition of surgery centers and in private placements to physician partners in connection with the development of surgery centers. The per share price of these sales ranged from $6.15 to $8.70. The shares described above were issued without registration under the Securities Act in reliance upon the exemptions from registration afforded by Section 4(2) of the Securities Act and Regulation D of the Securities Act.

On December 3, 1997, the Company issued shares of Class A Common Stock and Class B Common Stock in the recapitalization, pursuant to which every three shares of the Company's then outstanding common stock were converted into one share of Class A Common Stock (the "Recapitalization"), and in the exchange in which AHC exchanged a portion of its shares of Class A Common Stock for shares of newly issued Class B Common Stock (the "Exchange"). The shares issued in the Recapitalization and the Exchange were issued without registration under the Securities Act in reliance upon the exemption from registration afforded by Section 3(a)(9) of the Securities Act.

On November 20, 1996, the Company issued shares of its Series A Redeemable Preferred Stock and Series B Convertible Preferred Stock to certain unaffiliated institutional investors for net cash proceeds of approximately $5.0 million. The purpose of the offering was to fund the acquisition and development of surgery centers and to provide other working capital as needed prior to being in position to access capital markets as an independent public company. On March 2, 1998, the Series A Preferred Stock was converted by its holders into 380,952 shares of Class A Common Stock using a conversion ratio based on the market price of the Class A Common Stock pursuant to the provisions of the Company's Charter. On June 17, 1998, the Series B Preferred Stock was converted into 605,998 shares of Class A Common Stock as determined by a conversion ratio providing for the issuance of that number of shares which approximated 6% of the equity of the Company determined as of November 20, 1996.

On June 11, 1998, the Company's registration statement on Form S-1 (Registration No. 333-50813) for the registration and offering of 3,700,000 shares of Class A Common Stock became effective, and on June 17, 1998, the Company commenced and completed its sale of such registered shares at an offering price of $8.00 per share. J.C. Bradford & Co., Piper Jaffrey Inc. and

Morgan Keegan & Company, Inc. underwrote the offering. The gross proceeds of the offering aggregated $29,600,000, and expenses incurred by the Company in connection with the offering totaled approximately $2,000,000. Net proceeds of approximately $27,600,000 were used to repay borrowings under the Company's revolving credit facility.

At various times during 1998, the Company issued an aggregate of 56,366 shares of Class A Common Stock to physicians as partial consideration in connection with the acquisition of surgery centers. The per share price of these issuances ranged from $6.64 to $9.00. The shares described above were issued without registration under the Securities Act in reliance upon the exemptions from registration afforded by Section 4(2) of the Securities Act and Regulation D of the Securities Act.

ITEM 6. SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,				
	1998	1997	1996	1995	1994
	(In thousands except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:					
Revenues	$ 80,322	$ 57,414	$34,898	$22,389	$13,784
Operating expenses:					
Salaries and benefits	22,947	17,363	11,613	6,243	4,092
Other operating expenses	28,393	20,352	11,547	7,558	5,091
Depreciation and amortization	6,568	4,944	3,000	2,397	1,309
Net loss on sale of assets	5,462(1)	1,425(2)	31	--	--
Total operating expenses	63,370	44,084	26,191	16,198	10,492
Operating income	16,952	13,330	8,707	6,191	3,292
Minority interest	13,645	9,084	5,433	3,938	2,464
Other expenses:					
Interest expense, net	1,499	1,554	808	627	151
Distribution cost	--	842(3)	--	--	--
Earnings before income taxes	1,808	1,850	2,466	1,626	677
Income tax expense	1,047	1,774	985	578	26
Net earnings	761	76	1,481	1,048	651
Accretion of preferred stock discount	--	286	22	--	--
Net earnings (loss) available to common shareholders	$ 761	$ (210)	$ 1,459	$ 1,048	$ 651
Earnings (loss) per common share:					
Basic	$ 0.06	$ (0.02)	$ 0.17	$ 0.13	$ 0.09
Diluted	$ 0.06	$ (0.02)	$ 0.16	$ 0.12	$ 0.09
Weighted average number of shares and share equivalents outstanding:					
Basic	12,247	9,453	8,689	8,174	6,999
Diluted	12,834	9,453	9,083	8,581	7,313

<CAPTION>

	AT DECEMBER 31,				
	1998	1997	1996	1995	1994
	(In thousands except center data)				
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 6,070	$ 3,407	$ 3,192	$ 3,470	$ 1,750
Working capital	12,954	9,312	4,732	2,931	2,557
Total assets	98,421	75,238	54,653	35,106	27,065
Long-term debt	12,483	24,970	9,218	4,786	3,520

Minority interest	11,794	9,192	5,674	3,010	2,019
Preferred stock	--	5,268	4,982	--	--
Shareholders' equity	64,369	29,991	28,374	22,479	19,558
CENTER DATA:					
Procedures	156,521	101,819	71,323	55,344	30,922
Centers at end of year	52	39	27	18	14

</TABLE>

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(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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to the Consolidated Financial Statements - Note 3(c)."
(3) Reflects cost incurred related to the distribution of the Company's common stock held by AHC to AHC's stockholders, which had an impact of reducing basic and diluted earnings per share by $0.09. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company develops, acquires and operates practice-based ambulatory surgery centers in partnership with physician practice groups. As of December 31, 1998, the Company owned a majority interest (51% or greater) in 52 surgery centers and had established and was the majority owner (51%) of seven specialty physician networks.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward-looking statements. These statements, which have been included in reliance on the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, involve risks and uncertainties. The Company's actual operations and results may differ materially from the results discussed in any such forward-looking statements. Factors that might cause such a difference include, but are not limited to, the Company's ability to enter into partnership or operating agreements for new practice-based ambulatory surgery centers and new specialty physician networks; its ability to identify suitable acquisition candidates and negotiate and close acquisition transactions; its ability to obtain the necessary financing or capital on terms satisfactory to the Company in order to execute its expansion strategy; its ability to manage growth; its ability to contract with managed care payers on terms satisfactory to the Company for its existing centers and its centers that are currently under development; its ability to obtain and retain appropriate licensing approvals for its existing centers and centers currently under development; its ability to minimize start-up losses of its development centers; its ability to maintain favorable relations with its physician partners; the implementation of the proposed rule issued by the Health Care Financing Administration ("HCFA") which would update the ratesetting methodology, payment rates, payment policies and the list of covered surgical procedures for ambulatory surgery centers; and risks relating to the Company's technological systems, including becoming Year 2000 compliant.

The Company operated as a majority owned subsidiary of AHC from 1992 until December 3, 1997 when AHC distributed to its stockholders all of its holdings in AmSurg common stock (the "Distribution"). Prior to the Distribution, the Company effected a recapitalization pursuant to which every three shares of the Company's then outstanding common stock were converted into one share of Class A Common Stock. Immediately following the Recapitalization, AHC exchanged a portion of its shares of Class A Common Stock for shares of Class B Common Stock. The principal purpose of the Distribution was to enable the Company to have access to debt and equity capital markets as an independent, publicly traded company. Upon the Distribution, the Company became a publicly traded company.

The following table presents the components of changes in the number of surgery centers in operation and centers under development for the years ended December 31, 1998, 1997 and 1996. A center is deemed to be under development when a partnership or limited liability company has been formed with the physician group partner to develop the center.

	1998	1997	1996
Centers in operation, beginning of year..........	39	27	18
New center acquisitions placed in operation.......	7	5	6
New development centers placed in operation.......	7	10	3
Centers sold.....................................	(1)	(3)	--
Centers in operation, end of year................	52	39	27
Centers under development, end of year..........	5	10	20

Thirty-nine of the surgery centers in operation as of December 31, 1998 perform gastrointestinal endoscopy procedures; eleven centers perform ophthalmology procedures; one center performs orthopaedic procedures; and one center performs ophthalmology, urology, general surgery and otolaryngology procedures. The other partner or member in each partnership or limited liability company is in each case an entity owned by physicians who perform procedures at the center.

The specialty physician networks are owned through limited partnerships and limited liability companies in which the Company owns a majority interest. The other partners or members are individual physicians who will provide the medical services to the patient population covered by the contracts the network will seek to enter into with managed care payers. It is not expected that the specialty physician networks in themselves will be a significant source of income for the Company. These networks were and will be formed in selected markets primarily as a contracting vehicle for certain managed care arrangements to generate revenues for the Company's practice-based surgery centers. As of December 31, 1998, three networks had secured managed care contracts and were operational.

During 1998, the Company had a majority interest in two specialty physician practices which were acquired in January 1996 and January 1997, the other partners of which were entities owned by the principal physicians who provide professional medical services to patients of the practices. In May 1998, the Company's Board of Directors approved a plan to dispose of the Company's interests in these 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 and specialty networks. Accordingly, the Company 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, and on June 26, 1998 and October 1, 1998, the Company completed the disposition of each of these practices (see Consolidated Financial Statements - Note 3(c)).

The Company intends to expand primarily through the development and acquisition of additional practice-based ambulatory surgery centers in targeted surgical specialties. In addition, the Company believes that its surgery centers, combined with its relationships with specialty physician practices in the surgery centers' markets, will provide the Company with other opportunities for growth from specialty network development. By using its surgery centers as a base to develop specialty physician networks that are designed to serve large numbers of covered lives, the Company believes that it will strengthen its market position in contracting with managed care organizations.

While the Company generally owns 51% to 70% of the entities that own the surgery centers, the Company's 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/practice entities.

SOURCES OF REVENUES

The Company's principal source of revenues is a facility fee charged for surgical procedures performed in its 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 to third-party payers by such physicians. Historically, the Company's other significant source of revenues has been the fees for physician services performed by the two physician group practices in which the Company owned a majority interest. However, as a result of the disposition of these practices, the Company will no longer earn such revenue.

Practice-based ambulatory surgery centers and physician practices such as those in which the Company owns or has owned a majority interest depend upon third-party reimbursement programs, including governmental and private insurance programs, to pay for services rendered to patients. The Company derived approximately 41%, 37% and 36% of its revenues in the years ended December 31, 1998, 1997 and 1996, respectively, from governmental healthcare programs including Medicare and Medicaid. The Medicare program currently pays ambulatory surgery centers and physicians in accordance with fee schedules which are prospectively determined.

The Company's sources of revenues as a percentage of total revenues for the years ended December 31, 1998, 1997 and 1996 are as follows:

	1998	1997	1996
Surgery centers	94%	83%	83%
Physician practices	6	15	15
Other	--	2	2
Total	100%	100%	100%

RESULTS OF OPERATIONS

The following table shows certain statement of operations items expressed as a percentage of revenues for the years ended December 31, 1998, 1997 and 1996:

	1998	1997	1996
Revenues	100.0%	100.0%	100.0%
Operating expenses:			
Salaries and benefits	28.6	30.2	33.3
Other operating expenses	35.3	35.5	33.1
Depreciation and amortization	8.2	8.6	8.6
Net loss on sale of assets	6.8	2.5	--
Total operating expenses	78.9	76.8	75.0
Operating income	21.1	23.2	25.0
Minority interest	17.0	15.8	15.6
Other expenses:			
Interest expense, net of interest income	1.9	2.7	2.3
Distribution cost	--	1.5	--
Earnings before income taxes	2.2	3.2	7.1
Income tax expense	1.3	3.1	2.9
Net earnings	0.9	0.1	4.2
Accretion of preferred stock discount	--	0.5	--
Net earnings (loss) available to common			

shareholders	0.9%	(0.4)%	4.2%
	=====	=====	=====

</TABLE>

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

Revenues were $80.3 million in 1998, an increase of $22.9 million, or 40%, over revenues in 1997. The increase is primarily attributable to additional centers in operation in 1998 and same-center revenue growth of 12%. Same-center growth is primarily attributable to additional procedure volume. The Company anticipates further revenue growth during 1999 as a result of additional start-up and acquired centers expected to be placed in operation and from same-center revenue growth.

Salaries and benefits expense was $22.9 million in 1998, an increase of $5.6 million, or 32%, over salaries and benefits expense in 1997. 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. Salaries and benefits expense as a percentage of revenue decreased in 1998 due to the absence of physician salaries of the practice disposed of in June 1998.

Other operating expenses were $28.4 million in 1998, an increase of $8.0 million, or 40%, over other operating expenses in 1997. This increase resulted primarily from additional centers in operation. This increase was offset by a reduction in physician practice expenses of the practices disposed of in 1998.

The Company anticipates further increases in operating expenses in 1999 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.

Depreciation and amortization expense increased $1.6 million, or 33%, in 1998 over 1997, primarily due to 13 additional surgery centers in operation in 1998 compared to 1997.

Net loss on sale of assets in 1998 primarily resulted from the Company's decision to exit the physician practice management business. In the second quarter of 1998, the Company 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.

The Company's minority interest in earnings in 1998 increased by $4.6 million, or 50%, over 1997 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 decreased $54,000, or 3%, in 1998 over 1997 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 the Company's 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, together with the interest expense associated with newly opened start-up surgery centers financed partially with bank debt.

Distribution cost in 1997 represents costs incurred by the Company related to effecting the Distribution.

The Company recognized income tax expense of $1.0 million in 1998, compared to $1.8 million in 1997. The Company's effective tax rate in both years was 40% of earnings prior to the impact of net loss on sale of assets and distribution cost and differed from the federal statutory income tax rate of 34%, primarily due to the impact of state income taxes.

Accretion of preferred stock discount in 1997 resulted from the issuance during November 1996 of redeemable preferred stock with a redemption amount of $3.0 million. The preferred stock was recorded at its fair market value, net of issuance costs. From the time of issuance, the Series A Redeemable Preferred Stock was accreted toward its redemption value, including potential dividends, over the redemption term. During the first quarter of 1998, the holders of this series of preferred stock elected to convert their preferred shares into 380,952 shares of Class A Common Stock pursuant to the provisions of the Company's Charter using a conversion ratio based on the market price of the Company's Class A Common Stock. Accordingly, the Company recorded no accretion in 1998.

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

Revenues were $57.4 million in 1997, an increase of $22.5 million, or 65%, over revenues in 1996. The increase is primarily attributable to additional centers in operation in 1997 and the acquisition of a urology physician practice on January 1, 1997. Excluding the three centers which were disposed as described below, same-center revenues in 1997 increased by 6%. Same-center growth resulted from increased case volume and increases in fees.

Salaries and benefits expense was $17.4 million in 1997, an increase of $5.7 million, or 50%, over salaries and benefits expense in 1996. Other operating expenses were $20.4 million in 1997, an increase of $8.8 million, or 76%, over other operating expenses in 1996. This increase resulted primarily from additional centers in operation, the acquisition of the interest in the urology physician practice and from an increase in corporate staff primarily to support growth in the number of centers in operation and anticipated future growth. Salaries and benefits expense and other operating expenses in the aggregate as a percentage of revenues remained comparable at 66% in 1997 and 1996. However, salaries and benefits expense as a percentage of revenues decreased in 1997 while other operating expenses as a percentage of revenues increased proportionately in 1997 compared to 1996, primarily due to the addition of contracted physician service expense for the physician practice acquired in January 1997 within other operating expenses.

Depreciation and amortization expense increased $1.9 million, or 65%, in 1997 over 1996, primarily due to 12 additional surgery centers and one physician practice in operation in 1997 compared to 1996.

Included in net loss on sale of assets in 1997 is a loss of approximately $2.0 million from the disposition of the Company's investment in a partnership that owned two surgery centers acquired in 1994. Various disagreements with the sole physician partner over the operation of these centers had adversely impacted the operations of these centers. After a series of discussions and attempts to resolve these differences, the Company determined that the partners could not resolve their disagreements and that as a result the carrying value of the assets associated with this partnership would not likely be fully recovered. The Company projected the undiscounted cash flows from these centers and determined these cash flows to be less than the carrying value of the long-lived assets attributable to this partnership. Accordingly, an impairment loss equal to the excess of the carrying value of the long-lived assets over the present value of the estimated future cash flows was recorded in the first quarter of 1997 in accordance with Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." In September 1997, the Company sold its interest in the partnership assets to its physician partner and recognized a partial loss recovery. Management believes it has good relationships with its other physician partners and that the loss attributable to the partnership discussed above resulted from a unique set of circumstances.

In addition, net loss on sale of assets includes a pretax gain of approximately $460,000 from the sale in July 1997 of a surgery center building and equipment which the Company had leased to a gastrointestinal physician practice. Concurrent with the sale, the Company terminated its management agreement with the physician practice for the surgery center in which the Company had no ownership interest but had managed since 1994.

The Company's minority interest in earnings in 1997 increased by $3.7 million, or 67%, over 1996 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 $745,000, or 92%, in 1997 over 1996 due to debt assumed or incurred in connection with additional acquisitions of interests in surgery centers and a physician practice, together with the interest expense associated with newly opened start-up surgery centers financed partially with bank debt.

Distribution cost in 1997 represents costs incurred by the Company related to effecting the Distribution.

The Company recognized income tax expense of $1.8 million in 1997, compared to $1.0 million in 1996. The Company has recognized no tax benefit associated with distribution cost and net loss on sale of assets, while certain tax aspects of the gain transaction recorded in July 1997 resulted in income tax expense of approximately $100,000. The Company's effective tax rate in both periods was 40% of earnings prior to the impact of distribution cost and net loss on sale of assets and differed from the federal statutory income tax rate of 34%, primarily due to the impact of state income taxes.

Accretion of preferred stock discount resulted from the issuance during November 1996 of redeemable preferred stock with a redemption amount of $3.0 million. The preferred stock was recorded at its fair market value, net of issuance costs. From the time of issuance, the Series A Redeemable Preferred Stock had been accreted toward its redemption value, including potential dividends, over the redemption term.

QUARTERLY STATEMENT OF OPERATIONS DATA

The following table presents certain quarterly statement of operations data for the years ended December 31, 1998 and 1997. The quarterly statement of operations data set forth below was derived from unaudited financial statements of the Company and includes all adjustments, consisting of normal recurring adjustments, which the Company considers 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.

	1997				1998			
	Q1(1)	Q2	Q3(2)(3)	Q4(3)	Q1	Q2(4)	Q3	Q4
	(In thousands, except per share data)							
Revenues	$ 12,591	$13,890	$14,566	$16,367	$17,829	$ 20,120	$20,125	$22,248
Earning (loss) before income taxes	(1,496)	1,014	1,478	854	1,166	(3,877)	1,981	2,538
Net earnings (loss) available to common shareholders	(1,892)	537	862	283	700	(2,650)	1,188	1,523
Diluted earnings (loss) per common share	(0.20)	0.06	0.09	0.03	0.07	(0.25)	0.08	0.10

----

(1) Includes an impairment loss of $2.3 million, or $0.24 per share, on a partnership interest.
(2) Includes a gain on sale of assets of $727,000, net of income taxes, or $0.08 per share, attributable to a loss recovery on the sale of a partnership interest and gain on sale of a surgery center building and equipment.
(3) Includes distribution cost of $458,000 and $384,000, or $0.05 and $0.04 per share, respectively, incurred in the third and fourth quarters of 1997, respectively.
(4) Includes a loss from sale of assets of $3.6 million, net of income taxes, or $0.33 per share, on two partnership interests.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1998, the Company had working capital of $13.0 million compared to $9.3 million in 1997. Operating activities for 1998 generated $11.3 million in cash flow from operations compared to $4.0 million in 1997. Cash and cash equivalents at December 31, 1998 and 1997 were $6.1 million and $3.4 million, respectively.

During 1998 the Company used approximately $18.6 million to acquire interests in seven additional practice-based ambulatory surgery centers. In addition, the Company made capital expenditures primarily for new start-up surgery centers and for new or replacement property at existing centers which totaled $7.0 million in 1998, of which $1.2 million was funded from the capital contributions of the Company's minority partners. The Company used its cash flow from operations and net borrowings on long-term debt of $19.9 million to fund its acquisition and development obligations.

On June 17, 1998, the Company completed a public offering of 3,700,000 shares of Class A Common Stock, for net proceeds of $27.6 million. The net proceeds, along with cash flow from operations, were used to repay $32.8 million in borrowings under the Company's revolving credit facility (the "Loan Agreement") and other long-term debt during 1998. The Company also received cash proceeds of $650,000 from the sale of a surgery center during 1998.

At December 31, 1998, borrowings under the Company's revolving credit facility were $8.8 million, are due in January 2001 and are guaranteed by the wholly owned subsidiaries of the Company, and in some instances, the underlying assets of certain developed centers. The Loan Agreement permits the Company to borrow up to $50.0 million to finance the Company's acquisition and development projects at a rate equal to, at the Company's option, the prime rate or LIBOR plus a spread of 1.0% to 2.25%, depending upon borrowing levels. The Loan Agreement also provides for a fee ranging between 0.15% and 0.40% 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. The Company was in compliance with all covenants at December 31, 1998.

On November 20, 1996, the Company issued shares of its Series A Redeemable Preferred Stock and Series B Convertible Preferred Stock to certain unaffiliated institutional investors for net cash proceeds of approximately $5.0 million. The purpose of the offering was to fund the acquisition and development of surgery centers and to provide other working capital as needed prior to being in position to access capital markets as an independent public company. The Series A Preferred Stock, which had a liquidation value of $3.0 million and was subject to redemption at any time at the option of the Company, upon the occurrence of certain events and in 2002 at the option of the holders, was converted during the first quarter of fiscal 1998 by its holders into 380,952 shares of Class A Common Stock using a conversion ratio based on the market price of the Class A Common Stock pursuant to the provisions of the Company's Charter. Upon the public offering completed on June 17, 1998, the Series B Preferred Stock automatically converted into 605,998 shares of Class A Common Stock as determined by a conversion ratio providing for the issuance of that number of shares which approximated 6% of the equity of the Company determined as of November 20, 1996.

On June 12, 1998, HCFA 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 is subject to a comment period that has been extended until June 30, 1999, and provides for an implementation date that has been extended to a date no earlier than January 2000. The proposed rule reduces the rates paid for certain ambulatory surgery center procedures reimbursed by Medicare, including a number of endoscopy and ophthalmological procedures performed at the Company's centers.

The Company believes that the proposed rule if adopted in its current form would adversely affect the Company's annual revenues by approximately 4% at that time. However, if the proposed rule were adopted in its current form, the Company expects that the earnings impact will be offset by certain actions taken by the Company or that the Company intends to take, including actions to effect certain cost efficiencies in center operations, reduce corporate overhead costs and provide for contingent purchase price adjustments for future acquisitions. There can be no assurance that the Company will be able to implement successfully these actions or that if implemented the actions will offset fully the adverse impact of the rule, as finally adopted, on the earnings of the Company. There also can be no assurance that HCFA will not modify the proposed rule, before it is enacted in final form, in a manner that would adversely impact the Company's financial condition, results of operation and business prospects.

YEAR 2000

The Company has evaluated its risks associated with software and hardware components which may fail due to the millennium change and has determined these risks include but are not limited to (i) risk that surgical equipment critical to the patient's care may fail, (ii) risk that billing and administration software will not support timely billing and collection efforts and (iii) risk that third party payers will not be able to provide timely reimbursement for services performed.

In order to address these risks, the Company has designed and implemented a Year 2000 assessment and action plan. Because the Company generally has no internally designed software systems or hardware components nor does the Company market or support any software or hardware products, the Company has focused its efforts on ensuring that its systems are Year 2000 compliant by implementing a plan designed to evaluate all critical systems purchased from third parties at each of its operating surgery centers and its corporate offices. The assessment plan involves (i) identifying all potential Year 2000 hardware and software components, including but not limited to surgical equipment, office machinery, financial software and general service equipment and components, (ii) contracting with a third party consultant to measure surgical equipment products against their Year 2000 compliance database, (iii) obtaining verification from third parties whether their products are Year 2000 compliant and, if not, the third parties' ability to make the appropriate modifications and (iv) testing systems in a controlled environment to determine their ability to function accurately beyond 1999. In addition, the Company has begun to contact all significant suppliers and third party payers to determine if they are Year 2000 compliant and if they will be able to continue to provide products, services or reimbursement in 2000. This assessment plan was initiated in the third quarter of 1998 and is expected to continue throughout 1999. Nearly all of the Company's surgery centers have completed their identification of medical hardware and software and have measured the items' Year 2000 compliance against the third party consultants' database. Most non-medical equipment has also been identified and testing and/or communication with vendors is in process. Based on the ongoing findings of the assessment plan, the Company has begun the remediation process to replace or modify those systems not found to be Year 2000 compliant.

Although a complete cost assessment will not be determinable until all operating locations have been fully assessed, the Company currently estimates that the Company and the surgery centers in the aggregate may incur total capitalizable and non-capitalizable costs ranging from $200,000 to $400,000 in 1999 to ensure that all centers and the corporate offices are Year 2000 compliant. However, until the assessment and remediation processes are completed, the Company is unable to estimate with certainty the total costs to make the Company Year 2000 compliant. No significant costs have been incurred to date associated with Year 2000 compliance. All costs to evaluate and make modifications will be expensed as incurred, will generally be shared by the Company's physician partners in proportion to their ownership interest and are not expected to have a significant impact on the Company's financial position or ongoing results of operations.

The Company has yet to establish a contingency plan, but intends to formulate one to address its significant risks by the second quarter of 1999.

RECENT ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" and No. 131 "Disclosures about Segments of an Enterprise and Related Information" are effective for the Company for the year ended December 31, 1998. These standards had no effect on the Company's presentation of financial statement information.

Statement of Position ("SOP") No. 98-5 "Reporting on the Costs of Start-Up Activities" becomes effective for the Company for the year ending December 31, 1999. SOP No. 98-5 requires that start-up costs be expensed as incurred and that upon adoption, all deferred start-up costs be expensed as a cumulative effect of a change in accounting principle. The Company estimates approximately $126,000, net of minority interest and income taxes, will be expensed as of January 1, 1999 as a cumulative effect of a change in accounting principle.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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, 1998 and 1997, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998. 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 generally accepted auditing standards. 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, 1998 and 1997 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Nashville, Tennessee
February 15, 1999

AMSURG CORP.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,069,767	$ 3,406,787
Accounts receivable, net of allowance of $1,937,765 and $1,436,468, respectively	12,122,277	8,220,616
Supplies inventory	1,250,487	905,992
Deferred income taxes (note 10)	507,000	390,000
Prepaid and other current assets	951,638	1,020,835
Total current assets	20,901,169	13,944,230
Long-term receivables and deposits (note 3)	2,045,474	479,012
Property and equipment, net (notes 4, 6 and 7)	23,139,495	19,248,464
Intangible assets, net (notes 3 and 5)	52,334,975	41,566,684
Total assets	$98,421,113	$75,238,390
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable (note 3)	$ 2,385,150	$ --

Current portion of long-term debt (note 6)	1,378,270	1,330,595
Accounts payable	1,195,305	922,188
Accrued salaries and benefits	1,724,419	1,018,844
Other accrued liabilities	887,985	1,235,626
Current income taxes payable	376,092	125,396
Total current liabilities	7,947,221	4,632,649
Long-term debt (note 6)	12,483,458	24,969,718
Deferred income taxes (note 10)	1,827,000	1,185,000
Minority interest	11,794,389	9,191,896
Preferred stock, no par value, 5,000,000 shares authorized, 0 and 916,666 shares outstanding (note 8)	--	5,267,672
Shareholders' equity (notes 9 and 11):		
Common stock:		
Class A, no par value, 20,000,000 shares authorized 9,533,486 and 4,758,091 shares outstanding, respectively	48,115,915	14,636,331
Class B, no par value, 4,800,000 shares authorized, 4,787,131 shares outstanding	13,528,981	13,528,981
Retained earnings	2,860,796	2,099,491
Deferred compensation on restricted stock (note 11)	(136,647)	(273,348)
Total shareholders' equity	64,369,045	29,991,455
Commitments and contingencies (notes 4, 7, 11 and 12)		
Total liabilities and shareholders' equity	$98,421,113	$75,238,390

</TABLE>

See accompanying notes to the consolidated financial statements.

AMSURG CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
Revenues (note 2)	$80,322,270	$ 57,413,812	$34,898,496
Operating expenses:			
Salaries and benefits (note 11)	22,946,600	17,363,440	11,613,504
Other operating expenses (note 11)	28,392,926	20,352,442	11,546,562
Depreciation and amortization	6,568,436	4,944,483	3,000,183
Net loss on sale of assets (note 3)	5,461,720	1,424,690	30,811
Total operating expenses	63,369,682	44,085,055	26,191,060
Operating income	16,952,588	13,328,757	8,707,436
Minority interest	13,644,544	9,084,132	5,433,588
Other expenses:			
Interest expense, net of interest income of $124,748, $69,088 and $139,531, respectively	1,499,316	1,553,508	808,332
Distribution cost (note 9)	--	841,801	--
Earnings before income taxes	1,808,728	1,849,316	2,465,516
Income tax expense (note 10)	1,047,423	1,774,000	985,000
Net earnings	761,305	75,316	1,480,516
Accretion of preferred stock discount (note 8)	--	285,615	22,057

Net earnings (loss) available to common shareholders	$ 761,305	$ (210,299)	$ 1,458,459
Earnings (loss) per common share (note 9):			
Basic	$ 0.06	$ (0.02)	$ 0.17
Diluted	$ 0.06	$ (0.02)	$ 0.16
Weighted average number of shares and share equivalents outstanding (note 9):			
Basic	12,247,389	9,453,205	8,689,480
Diluted	12,834,030	9,453,205	9,082,535

</TABLE>

See accompanying notes to the consolidated financial statements.

AMSURG CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

	COMMON STOCK			DEFERRED COMPENSATION ON RESTRICTED STOCK	
	SHARES	AMOUNT	RETAINED EARNINGS	STOCK	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Balance December 31, 1995	8,302,477	$21,627,861	$ 851,331	$ --	$22,479,192
Issuance of common stock	512,239	2,366,262	--	--	2,366,262
Issuance of common stock in conjunction with acquisitions	384,809	2,069,962	--	--	2,069,962
Net earnings available to common shareholders	--	--	1,458,459	--	1,458,459
Balance December 31, 1996	9,199,525	26,064,085	2,309,790	--	28,373,875
Issuance of common stock	146,087	934,273	--	(273,348)	660,925
Issuance of common stock in conjunction with acquisitions	300,863	1,847,376	--	--	1,847,376
Acquisition of stock	(101,253)	(680,422)	--	--	(680,422)
Net loss available to common shareholders	--	--	(210,299)	--	(210,299)
Balance December 31, 1997	9,545,222	28,165,312	2,099,491	(273,348)	29,991,455
Issuance of common stock, net of offering cost	3,705,928	27,635,439	--	--	27,635,439
Issuance of common stock in conjunction with acquisitions	56,366	450,689	--	--	450,689
Stock options exercised, net of related tax benefit	26,151	125,784	--	--	125,784
Conversion of preferred stock	986,950	5,267,672	--	--	5,267,672
Net earnings	--	--	761,305	--	761,305
Amortization of deferred compensation on restricted stock	--	--	--	136,701	136,701
Balance December 31, 1998	14,320,617	$61,644,896	$2,860,796	$(136,647)	$64,369,045

</TABLE>

See accompanying notes to the consolidated financial statements.

AMSURG CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
Cash flows from operating activities:			
Net earnings	$ 761,305	$ 75,316	$ 1,480,516
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Minority interest	13,644,544	9,084,132	5,433,588
Distributions to minority partners	(13,479,940)	(8,907,875)	(5,084,294)
Depreciation and amortization	6,568,436	4,944,483	3,000,183
Deferred income taxes	525,000	333,000	249,000
Amortization of deferred compensation on restricted stock	136,701	--	--
Net (gain) loss on sale of assets	5,461,720	1,424,690	(30,811)
Increase (decrease) in cash, net of effects of acquisitions and dispositions, due to changes in:			
Accounts receivable, net	(2,560,418)	(1,620,141)	(1,353,365)
Supplies inventory	(76,924)	(212,403)	(128,248)
Prepaid and other current assets	42,489	(572,455)	(213,838)
Other assets	(325,416)	(803,022)	(266,801)
Accounts payable	123,442	(384,881)	648,292
Accrued expenses and other liabilities	518,413	322,870	(43,734)
Other, net	(797)	273,593	156,001
Net cash flows provided by operating activities	11,338,555	3,957,307	3,846,489
Cash flows from investing activities:			
Acquisition of interest in surgery centers	(18,565,082)	(12,643,331)	(12,669,794)
Acquisition of property and equipment	(6,967,297)	(10,578,551)	(3,863,052)
Proceeds from sale of assets	669,000	1,978,462	--
Net proceeds from long-term receivables	335,529	57,504	137,582
Net cash flows used in investing activities	(24,527,850)	(21,185,916)	(16,395,264)
Cash flows from financing activities:			
Proceeds from long-term borrowings	19,874,094	17,629,000	10,544,700
Repayment on long-term borrowings	(32,787,189)	(3,524,641)	(7,261,534)
Net proceeds from issuance of preferred stock	--	--	4,960,000
Net proceeds from issuance of common stock	27,658,696	524,216	2,366,262
Proceeds from capital contributions by minority partners	1,166,810	2,952,507	1,681,324
Financing cost incurred	(60,136)	(138,094)	(19,230)
Net cash flows provided by financing activities	15,852,275	17,442,988	12,271,522
Net increase (decrease) in cash and cash equivalents	2,662,980	214,379	(277,253)
Cash and cash equivalents, beginning of year	3,406,787	3,192,408	3,469,661
Cash and cash equivalents, end of year	$ 6,069,767	$ 3,406,787	$ 3,192,408

</TABLE>

See accompanying notes to the consolidated financial statements.

AMSURG CORP.
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. All material intercompany profits, transactions and balances have been eliminated. All subsidiaries and minority owners are herein referred to as partnerships and partners, respectively.

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. PREPAID AND OTHER CURRENT ASSETS

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

D. 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.

E. 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 Statement of Financial Accounting Standard ("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

Deferred pre-opening costs consist of costs incurred for surgery centers while under development. Deferred pre-opening costs are amortized over one year, starting upon the commencement date of operations. Beginning in 1999, the Company will adopt 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 deferred pre-opening costs be expensed as a cumulative effect of a change in accounting principle. The Company estimates approximately $126,000, net of minority interest and income taxes, will be expensed as of January 1, 1999 as a cumulative effect of a change in accounting principle.

AMSURG CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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.

F. 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.

G. EARNINGS PER SHARE

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

H. 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.

I. 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.

J. 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. Actual results could differ from those estimates.

K. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the

1998 presentation.

L. RECENT ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" and No. 131 "Disclosures about Segments of an Enterprise and Related Information" are effective for the Company for the year ended December 31, 1998. These standards had no effect on the Company's presentation of financial statement information.

AMSURG CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

2. REVENUE RECOGNITION

Revenues for the years ended December 31, 1998, 1997 and 1996 are comprised of the following:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
Surgery centers	$75,334,903	$47,803,933	$28,950,498
Physician practices...........	4,785,678	8,677,522	5,155,148
Other	201,689	932,357	792,850
Revenues	$80,322,270	$57,413,812	$34,898,496

</TABLE>

Surgery center revenues consist of the billing for the use of the Centers' facilities (the "usage fee") directly to the patient or third party payer. The usage 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 surgery 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, 1998, 1997 and 1996 approximately 41%, 37% and 36%, 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 seven, five and four practice-based surgery centers during 1998, 1997 and 1996, respectively. In addition, the Company acquired through wholly owned subsidiaries one physician practice and related entities in each of 1997 and 1996. Consideration paid for the acquired interests consisted of cash and common stock. In addition, notes payable for $2,385,150 at rates ranging from 7.75% to 8.25%, maturing through February 1999, were issued in conjunction with two acquisitions. Total consideration paid in 1998, 1997 and 1996 for all acquisitions was $21,172,207, $14,471,503 and $13,561,661, respectively, of which the Company assigned $19,504,205, $13,738,220 and $12,289,386, respectively, to excess of cost over net assets of purchased operations. In conjunction with four acquisitions in 1998, the Company is obligated to pay an additional $1,025,000 ratably over each six month interval from 2000 to 2004 in which proposed surgery center reimbursement rates by the Health Care Financing Administration are not effective. The Company will be released from any outstanding purchase price commitments upon the final implementation of proposed reimbursement rates. All acquisitions were accounted for as purchases, and the accompanying consolidated financial statements include the results of their operations from the dates of acquisition.

B. PRO FORMA INFORMATION

The unaudited consolidated pro forma results for the years ended December 31, 1998 and 1997, assuming all 1998 and 1997 acquisitions had been consummated on January 1, 1997, are as follows:

	1998	1997
Revenues	$86,914,000	$73,344,000
Net earnings available to common shareholders	1,229,000	609,000
Earnings per common share:		
Basic	0.10	0.06
Diluted	0.10	0.06
Weighted average number of shares and share equivalents:		
Basic	12,262,000	9,612,000
Diluted	12,849,000	9,948,000

AMSURG CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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 $5,442,914. 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%, is secured by the assets of the physician practice and certain personal guarantees by the owners of the physician practice.

In two separate transactions in 1997, the Company sold its investment in a partnership that owned two surgery centers acquired in 1994 and a surgery center building and equipment which the Company leased to a physician entity. In conjunction with the sale of the surgery center building and equipment, the Company also terminated its management agreement with the physician entity for the surgery center in which it had no ownership interest but had managed since 1994. The net loss associated with these transactions was $1,494,000.

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 1998 and 1997 are as follows:

	1998	1997
Land and improvements	$ 98,540	$ 98,540
Building and improvements	13,543,836	10,264,481
Moveable equipment	18,468,265	13,820,039
Construction in progress	45,971	1,180,250
	32,156,612	25,363,310
Less accumulated depreciation and amortization	(9,017,117)	(6,114,846)
Property and equipment, net	$ 23,139,495	$ 19,248,464

At December 31, 1998, the Company and its partnerships had unfunded construction and equipment purchase commitments for centers under development of approximately $49,000 in order to complete construction in progress.

5. INTANGIBLE ASSETS

Intangible assets at December 31, 1998 and 1997 consist of the following:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
Excess of cost over net assets of purchased operations, net of accumulated amortization of $5,586,616 and $4,123,482, respectively	$51,765,355	$40,636,399
Deferred pre-opening cost, net of accumulated amortization of $273,191 and $336,091, respectively	346,240	614,944
Other intangible assets, net of accumulated amortization of $408,497 and $388,108, respectively	223,380	315,341
Intangible assets, net	$52,334,975	$41,566,684

</TABLE>

AMSURG CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

6. LONG-TERM DEBT

Long-term debt at December 31, 1998 and 1997 is comprised of the following:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
$50,000,000 credit agreement at prime or LIBOR plus a spread of 1.0% to 2.25% (average rate of 6.6% at December 31, 1998), due January 10, 2001	$ 8,800,000	$22,399,935
Other debt at an average rate of 8.3%, due through September 23, 2003	4,045,584	2,847,048
Capitalized lease arrangements at an average rate of 8.6%, due through December 1, 2002 (see note 7)	1,016,144	1,053,330
	13,861,728	26,300,313
Less current portion	(1,378,270)	(1,330,595)
Long-term debt	$12,483,458	$24,969,718

</TABLE>

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 19, 1998, permits the Company to borrow up to $50,000,000 to finance the Company's acquisition and development projects at prime rate or LIBOR plus a spread of 1.0% to 2.25% or a combination thereof, provides for a fee ranging between 0.15% and 0.40% 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, 1998.

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 $7,500,000. The Company and the partners or members have guaranteed payment of the loans.

Principal payments required on long-term debt in the six years subsequent to December 31, 1998 are $1,378,270, $1,286,257, $9,891,360, $586,420, $499,858 and $219,563.

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 2014. Future minimum lease payments at December 31, 1998 are as follows:

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31,	CAPITALIZED EQUIPMENT LEASES	OPERATING LEASES
1999	$ 557,029	$ 4,104,712
2000	386,203	3,985,895
2001	175,236	3,626,444
2002	20,746	3,055,161
2003	--	2,649,142
Thereafter	--	6,589,688
Total minimum rentals	1,139,214	$24,011,042
Less amounts representing interest at rates ranging from 6.5% to 13.5%	(123,070)	
Capital lease obligations	$1,016,144	

</TABLE>

At December 31, 1998, equipment with a cost of approximately $1,785,000 and accumulated amortization of approximately $665,000 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, 1998, 1997 and 1996 was approximately $4,167,000, $3,093,000 and $1,775,000 (see note 11).

8. PREFERRED STOCK

Preferred stock, net of issuance costs, at December 31, 1998 and 1997 is comprised of the following:

<TABLE>
<CAPTION>

	1998	1997
Series A Redeemable Preferred Stock, 0 and 500,000 shares outstanding	$ --	$2,059,905
Series B Convertible Preferred Stock, 0 and 416,666 shares outstanding	--	3,207,767
	$ --	$5,267,672

</TABLE>

On November 20, 1996, the Company issued to unaffiliated institutional investors a combination of redeemable and convertible preferred stock for net proceeds of $4,960,000. The preferred stock was recorded at its fair value, net of issuance costs. The Series A Redeemable Preferred Stock, which had a stated amount of $3,000,000, was to pay a cumulative dividend of 8% commencing November

21, 1998, was subject to redemption at any time at the option of the Company, upon the occurrence of certain events and in 2002 at the option of the holders, was converted in 1998 by its holders into 380,952 shares of Class A Common Stock using a conversion ratio based on the market price of the Class A Common Stock pursuant to the provisions of the Company's Charter. Upon a public offering of common stock completed on June 17, 1998 (see note 9), the Series B Convertible Preferred Stock, which had a stated amount of $2,500,000, automatically converted into 605,998 shares of Class A Common Stock as determined by a conversion ratio providing for the issuance of that number of shares which approximated 6% of the equity of the Company determined as of November 20, 1996. From the time of issuance, the Series A Redeemable Preferred Stock had been accreted toward its stated amount, including potential dividends, over the redemption term. The Series B Convertible Preferred Stock was not accreted because management expected its conversion.

9. SHAREHOLDERS' EQUITY

A. COMMON STOCK

The Company operated as a majority owned subsidiary of American Healthcorp, Inc. ("AHC") from 1992 until the distribution by AHC to its stockholders of the shares of the AmSurg common stock owned by it (the "Distribution") on December 3, 1997. The principal purpose of the Distribution was to enable the Company to have access to debt and equity capital markets as an independent, publicly traded company. Upon the Distribution, the Company became a publicly traded company.

Prior to the Distribution, the Company effected a recapitalization pursuant to which every three shares of the Company's then outstanding common stock were converted into one share of Class A Common Stock. Immediately following the recapitalization, AHC 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. All shares and earnings per share data included herein have been adjusted to reflect the recapitalization. Expenses incurred in connection with the Distribution are reflected as distribution cost in the consolidated statement of operations for the year ended December 31, 1997.

From the time of the Company's inception, the Company has sold Class A Common Stock to AHC, 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. Net proceeds from the offering were used to repay borrowings under the Company's revolving credit facility.

AMSURG CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

B. EARNINGS PER SHARE

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

<TABLE>
<CAPTION>

	EARNINGS (LOSS) (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
<S>	<C>	<C>	<C>
For the year ended December 31, 1998:			
Basic earnings per share:			
Net earnings	$ 761,305	12,247,389	$ 0.06

Effect of dilutive convertible preferred stock	--	191,683	
Effect of dilutive securities options	--	394,958	
	-----------	----------	
Diluted earnings per share:			
Net earnings	$ 761,305	12,834,030	$ 0.06
	==========	==========	
For the year ended December 31, 1997:			
Net earnings	$ 75,316		
Less accretion of preferred stock	(285,615)		

Basic and diluted loss per share:			
Loss available to common shareholders	$ (210,299)	9,453,205	$(0.02)
	==========	=========	
For the year ended December 31, 1996:			
Net earnings	$1,480,516		
Less accretion of preferred stock	(22,057)		

Basic earnings per share:			
Earnings available to common shareholders	1,458,459	8,689,480	$ 0.17
Effect of dilutive securities options	--	393,055	
	----------	----------	
Diluted earnings per share:			
Earnings available to common shareholders...	$1,458,459	9,082,535	$ 0.16
	==========	==========	

</TABLE>

Options to purchase 1,174,849 shares of common stock at prices ranging from $0.75 to $8.70, representing common share equivalents of 335,927 under the treasury stock method, were outstanding at December 31, 1997 but were not included in the computation of diluted earnings per share for the year then ended because to do so would have been anti-dilutive to the net loss per share available to common shareholders. The options will expire at various dates through December 2007. The effect of the conversion of 500,000 shares of Series A Redeemable Preferred Stock into 380,952 shares of Class A Common Stock, which occurred subsequent to December 31, 1997 (see note 8), has also been excluded from the computation of diluted earnings per share for the year ended December 31, 1997 because to do so would have been anti-dilutive after giving consideration to the elimination of related accretion of preferred stock.

C. 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 over four years at the rate of 25% per year. Options have a term of 10 years from the date of grant. As of December 31, 1998, 153,368 shares were reserved and available for future option grants.

AMSURG CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Stock option activity for the years ended December 31, 1998, 1997 and 1996 is summarized below:

<TABLE>
<CAPTION>

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
	------	-----
<S>	<C>	<C>
Outstanding at December 31, 1995..........	685,867	$ 1.80
Options granted	229,750	5.01
Options exercised	(2,917)	2.70
Options terminated	(5,917)	3.21

Outstanding at December 31, 1996..........	906,783	2.61
Options granted	294,033	6.70
Options exercised	(1,500)	3.44
Options terminated	(24,467)	5.21
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

</TABLE>

The following table summarizes information concerning outstanding and exercisable options at December 31, 1998:

	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 - $2.50............	427,331	3.36	$1.07	427,331	$1.07
2.51 - 4.25............	224,388	5.29	3.00	216,472	2.98
4.26 - 6.00............	310,866	7.56	5.32	145,927	5.22
6.01 - 7.75............	138,431	8.59	6.48	73,751	6.15
7.76 - 9.50............	233,478	8.78	8.97	24,036	8.79
9.51 - 10.13............	10,000	9.32	10.08	--	N/A
0.75 - 10.13............	1,344,494	6.17	4.37	887,517	2.85

</TABLE>

AMSURG CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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 1998, 1997 and 1996 were $4.79, $3.93 and $2.73 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 1998, 1997 and 1996 and an average risk free interest rate of 5.6% in 1998, 6.4% in 1997 and 6.2% in 1996. The Company also assumed a volatility rate of 50% in 1998 based on its own volatility, 54% in 1997 based upon the volatility rate of AHC, and 49% in 1996 based upon an average of comparable companies. Had the Company used the Black-Scholes estimates to determine compensation expense for the options granted in the years ended December 31, 1998, 1997 and 1996 net earnings (loss) and net earnings (loss) per share attributable to common shareholders would have been reduced to the following pro forma amounts.

	1998	1997	1996
Net earnings (loss) available to common shareholders:			
As reported	$761,305	$(210,299)	$1,458,459
Pro forma	152,102	(690,359)	1,241,874
Basic earnings (loss) per share available to common shareholders:			
As reported	0.06	(0.02)	0.17

Pro forma	0.01	(0.07)	0.14
Diluted earnings (loss) per share available to common shareholders:			
As reported	0.06	(0.02)	0.16
Pro forma	0.01	(0.07)	0.14

</TABLE>

10. INCOME TAXES

Total income tax expense for the year ended December 31, 1998, 1997 and 1996 was allocated as follows:

<TABLE>
<CAPTION>

	1998	1997	1996
Income from operations	$1,047,423	$1,774,000	$985,000
Shareholders' equity, for compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes	(42,506)	--	--
Total income tax expense	$1,004,917	$1,774,000	$985,000

</TABLE>

Income tax expense from operations for the years ended December 31, 1998, 1997 and 1996 is comprised of the following:

<TABLE>
<CAPTION>

	1998	1997	1996
Current:			
Federal	$ 219,868	$1,188,000	$593,000
State	302,555	253,000	143,000
Deferred	525,000	333,000	249,000
Income tax expense	$1,047,423	$1,774,000	$985,000

</TABLE>

AMSURG CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Income tax expense from operations for the years ended December 31, 1998, 1997 and 1996 differed from the amount computed by applying the U.S. Federal income tax rate of 34 percent to earnings before income taxes as a result of the following:

<TABLE>
<CAPTION>

	1998	1997	1996
Statutory Federal income tax	$ 614,968	$ 629,000	$838,000
State income taxes, net of Federal income tax benefit	71,626	188,000	132,000
Increase (decrease) in valuation allowance	(10,000)	(26,000)	49,000
Non-deductible distribution cost and net loss on sale of assets	324,000	812,000	--
Other	46,829	171,000	(34,000)
Income tax expense	$1,047,423	$1,774,000	$985,000

</TABLE>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1998 and 1997 are as follows:

	1998	1997
Deferred tax assets:		
Allowance for uncollectible accounts	$ 475,000	$ 354,000
State net operating losses	26,000	69,000
Other	32,000	36,000
Gross deferred tax assets	533,000	459,000
Valuation allowance	(24,000)	(34,000)
Net deferred tax assets	509,000	425,000
Deferred tax liabilities:		
Property and equipment, principally due to difference in depreciation	197,000	95,000
Excess of cost over net assets of purchased operations, principally due to differences in amortization	1,632,000	1,125,000
Gross deferred tax liabilities	1,829,000	1,220,000
Net deferred tax liability	$1,320,000	$ 795,000

The net deferred tax liability at December 31, 1998 and 1997, is recorded as follows:

Current deferred income tax asset	$ 507,000	$ 390,000
Noncurrent deferred income tax liability	1,827,000	1,185,000
Net deferred tax liability	$1,320,000	$ 795,000

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.

11. 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 $2,378,000, $2,199,000 and $1,206,000 for the years ended December 31, 1998, 1997 and 1996, 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 $9,652,000, $7,025,000 and $4,617,000 for the years ended December 31, 1998, 1997 and 1996, respectively.

Included in other operating expenses for the years ended December 31, 1997 and 1996 is $382,467 and $213,820, respectively, paid to AHC for management and financial services provided by AHC to the Company. These expenses were incurred pursuant to an agreement under which AHC was paid for the services of AHC's chief executive officer and chief financial officer as well as ongoing accounting and tax services for surgery center and corporate operations. Upon the Distribution, the Company issued to AHC's chief executive officer and chief financial officer, who also serve as directors of the Company, restricted shares of Class A Common Stock valued at approximately $350,000, in accordance with an agreement in which they are to provide advisory services to the Company through December 3, 1999. Deferred compensation associated with the restricted stock is amortized over the term of the agreement.

The Company also rents approximately 15,000 square feet of office space from AHC pursuant to a sublease which expires December 1999. Included in other operating expenses for the years ended December 31, 1997 and 1996 is $271,194 and $163,212, respectively, related to this sublease.

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.

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. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information for the years ended December 31, 1998, 1997 and 1996 is as follows:

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Cash paid during the year for:			
Interest	$ 1,573,936	$ 1,583,963	$ 909,884
Income taxes, net of refunds	229,221	1,398,190	970,309
Noncash investing and financing activities:			
Capital lease obligations incurred to acquire equipment..	798,548	333,041	--
Conversion of preferred stock	5,267,672	--	--
Note received for sale of a partnership interest	1,945,000	--	--
Forgiveness of debt and treasury stock received in connection with sale of a partnership interest	--	808,070	--
Effect of acquisitions:			
Assets acquired, net of cash	22,810,028	15,253,504	17,181,505
Liabilities assumed	(1,409,107)	(762,797)	(2,441,749)
Issuance of common stock	(450,689)	(1,847,376)	(2,069,962)
Issuance of notes payable	(2,385,150)	--	--
Payment for assets acquired	$18,565,082	$12,643,331	$12,669,794

</TABLE>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to the directors of the Company, set forth in the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 21, 1999, under the caption "Election of Directors," is incorporated herein by reference. Pursuant to General Instruction G(3), information concerning executive officers of the Company is included in Part I of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant."

Information with respect to compliance with Section 16(a) of the Securities Exchange Act of 1934, set forth in the Company's Definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held May 21, 1999, under the caption "Stock Ownership," is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to the executive officers of the Company, set forth in the Company's Definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held May 21, 1999, under the caption "Executive Compensation," is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to the security ownership of certain beneficial owners and management, set forth in the Company's Definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held May 21, 1999, under the caption "Stock Ownership," is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to certain relationships and related transactions, set forth in the Company's Definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held May 21, 1999, under the caption "Certain Relationships and Related Transactions," is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Index to Consolidated Financial Statements, Financial Statement Schedules and Exhibits

(1) FINANCIAL STATEMENTS: See Item 8 herein.

(2) FINANCIAL STATEMENT SCHEDULES:

All other schedules are omitted, because they are not applicable or not required, or because the required information is included in the consolidated financial statements or notes thereto.

(3) EXHIBITS

<TABLE>
<CAPTION>

EXHIBIT	DESCRIPTION

<S>	<C>
2.1	Amended and Restated Distribution Agreement (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form 10, as amended)
2.2	Exchange Agreement (incorporated by reference to Exhibit 2.2 to the Registration Statement on Form 10, as amended)
3.1	Amended and Restated Charter of AmSurg (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 10, as amended)
3.2	Amended and Restated Bylaws of AmSurg (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form 10, as amended)
4.1	Specimen certificate representing the Class A Common Stock (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form 10, as amended)
4.2	Specimen certificate representing the Class B Common Stock (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form 10, as amended)
4.3	Form of Shareholders' Agreement between AmSurg and certain investors (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form 10, as amended)
4.4	Preferred Stock Purchase Agreement dated November 20, 1996 by and among AmSurg, Electra Investment Trust P.L.C., Capitol Health Partners, L.P. and Michael E. Stephens (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form 10, as amended)
10.1	Form of Management and Human Resources Agreement between AmSurg and AHC (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form 10, as amended)
10.2	Registration Agreement, dated April 2, 1992, as amended November 30, 1992, and November 20, 1996 among AmSurg and certain named investors therein (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form 10, as amended)
10.3	* Form of Indemnification Agreement with directors, executive officers and advisors (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form 10, as amended)
10.4	Third Amended and Restated Loan Agreement dated as of May 19, 1998 among AmSurg, SunTrust Bank, Nashville, N.A., and NationsBank of Tennessee, N.A., as amended on May 6, 1997 and September 2, 1997 (incorporated by reference to Exhibit 10.4 of the Registration Statement on Form S-1, as amended)
10.5	Sublease dated June 9, 1996 between AHC and AmSurg (incorporated by reference to Exhibit 10.5 to the Registration Statement on Form 10, as amended)
10.6	* 1992 Stock Option Plan (incorporated by reference to Exhibit 10.7 to the Registration Statement on Form 10, as amended)
10.7	* 1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.8 to the Registration Statement on Form 10, as amended)
10.8	* Form of Employment Agreement with executive officers (incorporated by reference to Exhibit 10.9 to the Registration Statement on Form 10, as amended)
10.9	* Form of Advisory Agreement with Thomas G. Cigarran and Henry D. Herr (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form 10, as amended)
10.10	* Agreement dated April 11, 1997 between AmSurg and Rodney H. Lunn (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form 10, as amended)
10.11	* Agreement dated April 11, 1997 between AmSurg and David L. Manning (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form 10, as amended)
10.12	* Medical Director Agreement dated as of January 1, 1998, between the Company and Bergein F. Overholt, M.D. (incorporated by reference to Exhibit 10 of the Quarterly Report on Form 10-Q, dated November 17, 1998)
21	Subsidiaries of AmSurg
23	Consent of Independent Auditors
27	Financial Data Schedule

</TABLE>

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* Management contract or compensatory plan, contract or arrangement

(b) Reports on Form 8-K

The Company filed a report on Form 8-K dated November 2, 1998 during the quarter ended December 31, 1998 to report the acquisition of an undivided 60% interest in the assets of Gastrointestinal Diagnostic Center, LLC.

The Company filed a report on Form 8-K dated November 13, 1998 during the quarter ended December 31, 1998 to report the acquisition of an undivided 60% interest in the assets of Endoscopy Center of Naples, Inc.

(c) Exhibits

The response to this portion of Item 14 is submitted as a separate section of this report. See Item 14(a)(3).

(d) Financial Statement Schedules

Additional information relating to the response to this portion of Item 14 is submitted as a separate section of this report. See Item 14(a)(2).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMSURG CORP.

March 26, 1999 By: /s/ Ken P. McDonald

Ken P. McDonald
(President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
/s/ Thomas G. Cigarran Thomas G. Cigarran	Chairman of the Board	March 26, 1999
/s/ James A. Deal James A. Deal	Director	March 26, 1999
/s/ Steven I. Geringer Steven I. Geringer	Director	March 26, 1999
/s/ Debora A. Guthrie	Director	March 26, 1999

Debora A. Guthrie		
/s/ Henry D. Herr Henry D. Herr	Director	March 26, 1999
/s/ Bergein F. Overholt, M.D. Bergein F. Overholt, M.D.	Director	March 26, 1999
/s/ Ken P. McDonald Ken P. McDonald	President, Chief Executive Officer and Director (Principal Executive Officer)	March 26, 1999
/s/ Claire M. Gulmi Claire M. Gulmi	Senior Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	March 26, 1999

</TABLE>

INDEPENDENT AUDITORS' REPORT

Board of Directors and Shareholders
AmSurg Corp.
Nashville, Tennessee

We have audited the consolidated financial statements of AmSurg Corp. (the "Company") as of December 31, 1998 and 1997 and for each of the years in the three-year period ended December 31, 1998, and have issued our report thereon dated February 15, 1999; such report is included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of the Company, listed in Item 14. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Nashville, Tennessee
February 15, 1999

AMSURG CORP.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
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	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COST AND EXPENSES	CHARGED TO OTHER ACCOUNTS (1)	DEDUCTIONS (2)	BALANCE AT END OF PERIOD

<S>	<C>	<C>	<C>	<C>	<C>
ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS INCLUDED UNDER THE BALANCE SHEET CAPTION "ACCOUNTS RECEIVABLE":					
Year ended December 31, 1998........	$1,436,468	$2,862,112	$167,885	$2,528,700	$1,937,765
Year ended December 31, 1997........	$1,272,651	$1,534,992	$673,758	$2,044,933	$1,436,468
Year ended December 31, 1996........	$ 455,628	$1,227,315	$366,636	$ 776,928	$1,272,651

</TABLE>

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(1) Valuation of allowance for uncollectible accounts at the acquisition of AmSurg physician practice-based ambulatory surgery centers and physician practices, net of dispositions. Between 51% and 70% was charged to excess of cost over net assets of purchased companies. See note 3 of Notes to the Consolidated Financial Statements.

(2) Charge-off against allowance.

EXHIBIT 21

SUBSIDIARY LIST
AS OF MARCH 23, 1999
PAGE (1 OF 5)

<TABLE>
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NAME OF SUBSIDIARY	STATE OF ORGANIZATION	OWNED BY	OWNERSHIP PERCENTAGE
<S>	<C>	<C>	<C>
AmSurg KEC, Inc.	TN	AmSurg Corp.	100%
The Endoscopy Center of Knoxville, L.P.	TN	AmSurg KEC, Inc.	51%
AmSurg EC Topeka, Inc.	TN	AmSurg Corp.	100%
The Endoscopy Center of Topeka, L.P.	TN	AmSurg EC Topeka, Inc.	60%
AmSurg EC St. Thomas, Inc.	TN	AmSurg Corp.	100%
The Endoscopy Center of St. Thomas, L.P.	TN	AmSurg EC St. Thomas, Inc.	60%
AmSurg EC Centennial, Inc.	TN	AmSurg Corp.	100%
The Endoscopy Center of Centennial, L.P.	TN	AmSurg EC Centennial, Inc.	60%
AmSurg EC Beaumont, Inc.	TN	AmSurg Corp.	100%
The Endoscopy Center of Southeast Texas, L.P.	TN	AmSurg EC Beaumont, Inc.	51%
AmSurg EC Santa Fe, Inc.	TN	AmSurg Corp.	100%
The Endoscopy Center of Santa Fe, L.P.	TN	AmSurg EC Santa Fe, Inc.	60%
AmSurg EC Washington, Inc.	TN	AmSurg Corp.	100%
The Endoscopy Center of Washington D.C., L.P.	TN	AmSurg EC Washington, Inc.	60%
AmSurg Torrance, Inc.	TN	AmSurg Corp.	100%
The Endoscopy Center of South Bay, L.P.	TN	AmSurg Torrance, Inc.	51%
AmSurg Encino, Inc.	TN	AmSurg Corp.	100%
The Valley Endoscopy Center, L.P.	TN	AmSurg Encino, Inc.	51%

</TABLE>

2

EXHIBIT 21

SUBSIDIARY LIST
AS OF MARCH 23, 1999

<TABLE>
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NAME OF SUBSIDIARY	STATE OF ORGANIZATION	OWNED BY	OWNERSHIP PERCENTAGE
<S>	<C>	<C>	<C>
AmSurg Brevard, Inc.	TN	AmSurg Corp.	100%
The Ophthalmology Center of Brevard, L.P.	TN	AmSurg Brevard, Inc.	51%
AmSurg Sebastopol, Inc.	TN	AmSurg Corp.	100%
The Sebastopol ASC, L.P.	TN	AmSurg Sebastopol, Inc.	60%
AmSurg Abilene, Inc.	TN	AmSurg Corp.	100%
The Abilene ASC, L.P.	TN	AmSurg Abilene, Inc.	60%
AmSurg Lorain, Inc.	TN	AmSurg Corp.	100%
The Lorain ASC, L.P.	TN	AmSurg Lorain, Inc.	51%
AmSurg Maryville, Inc.	TN	AmSurg Corp.	100%
The Maryville, ASC	TN	AmSurg Maryville, Inc.	51%
AmSurg Miami, Inc.	TN	AmSurg Corp.	100%
The Miami ASC, L.P.	TN	AmSurg Miami, Inc.	70%
AmSurg Hanford, Inc.	TN	AmSurg Corp.	100%
The Hanford ASC, L.P.	TN	AmSurg Hanford, Inc.	63%
AmSurg Melbourne, Inc.	TN	AmSurg Corp.	100%
The Melbourne ASC, L.P.	TN	AmSurg Melbourne, Inc.	51%
AmSurg Chicago, Inc.	TN	AmSurg Corp.	100%
The Chicago Endoscopy ASC, L.P.	TN	AmSurg Chicago, Inc.	51%

AmSurg Hillmont, Inc.	TN	AmSurg Corp.	100%
The Hillmont ASC, L.P.	TN	AmSurg Hillmont, Inc.	51%
AmSurg Northwest Florida, Inc.	TN	AmSurg Corp.	100%
The Northwest Florida ASC, L.P.	TN	AmSurg Northwest Florida, Inc.	51%

</TABLE>

EXHIBIT 21

SUBSIDIARY LIST
AS OF MARCH 23, 1999

<TABLE>
<CAPTION>

NAME OF SUBSIDIARY	STATE OF ORGANIZATION	OWNED BY	OWNERSHIP PERCENTAGE
<S>	<C>	<C>	<C>
AmSurg Palmetto, Inc.	TN	AmSurg Corp.	100%
The Palmetto ASC, L.P.	TN	AmSurg Palmetto, Inc.	51%
AmSurg Hallandale, Inc.	TN	AmSurg Corp.	100%
The Hallandale Surgery ASC, L.P.	TN	AmSurg Hallandale	67.3%
AmSurg Ocala, Inc.	TN	AmSurg Corp.	100%
The Ocala Endoscopy ASC, L.P.	TN	AmSurg Ocala, Inc.	51%
AmSurg South Florida Network, Inc.	TN	AmSurg Corp.	100%
The GI Network of South Florida, L.P.	TN	AmSurg South Florida Network, Inc.	51%
AmSurg Largo, Inc.	TN	AmSurg Corp.	100%
The Largo Urology ASC, L.P.	TN	AmSurg Largo, Inc.	40%
AmSurg Crystal River, Inc.	TN	AmSurg Corp.	100%
The Crystal River Endoscopy ASC, L.P.	TN	AmSurg Crystal River, Inc.	51%
AmSurg Abilene Eye, Inc.	TN	AmSurg Corp.	100%

The Abilene Eye ASC, L.P.	TN	AmSurg Abilene Eye, Inc.	51%
AmSurg El Paso, Inc.	TN	AmSurg Corp.	100%
The El Paso ASC, L.P.	TN	AmSurg El Paso, Inc.	51%
AmSurg Westlake, Inc.	TN	AmSurg Corp.	100%
The Westlake Ophthalmology ASC, L.P.	TN	AmSurg Westlake, Inc.	57%
AmSurg FL EyeCare Network, Inc.	TN	AmSurg Corp.	100%
The Southeast EyeCare Network, L.P.	TN	AmSurg FL EyeCare Network, Inc.	51%

</TABLE>

EXHIBIT 21

SUBSIDIARY LIST
AS OF MARCH 23, 1999

<TABLE>
<CAPTION>

NAME OF SUBSIDIARY	STATE OF ORGANIZATION	OWNED BY	OWNERSHIP PERCENTAGE
<S>	<C>	<C>	<C>
AmSurg Naples, Inc.	TN	AmSurg Corp.	100%
The Naples Endoscopy ASC, L.P.	TN	AmSurg Naples, Inc.	60%
AmSurg Suncoast, Inc.	TN	AmSurg Corp.	100%
AmSurg Miami Urology, Inc.	TN	AmSurg Corp.	100%
AmSurg Dade County, Inc.	TN	AmSurg Corp.	100%
AmSurg SWFLA, Inc.	TN	AmSurg Corp.	100%
AmSurg ENT Brevard	TN	AmSurg Corp.	100%
AmSurg Holdings, Inc.	TN	AmSurg Corp.	100%
The Knoxville Ophthalmology ASC, LLC	TN	AmSurg Holdings, Inc.	60%
The West Monroe Endoscopy ASC, LLC.	TN	AmSurg Holdings, Inc.	55%
The Montgomery Eye Surgery Center, LLC	TN	AmSurg Holdings, Inc.	51%
EyeCare Consultants Surgery Center, LLC	TN	AmSurg Holdings, Inc.	51%

The Sidney ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Cleveland ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Milwaukee ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Pinnacle Eyecare Network, LLC	TN	AmSurg Holdings, Inc.	51%
The Alabama Eye Care Network, LLC	TN	AmSurg Holdings, Inc.	51%
The Columbia ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Wichita Orthopaedic ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Minneapolis Endoscopy ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Willoughby ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Westglen Endoscopy Center, LLC	TN	AmSurg Holdings, Inc.	51%
West Texas Eyecare Network, LLC	TN	AmSurg Holdings, Inc.	51%

</TABLE>

EXHIBIT 21

SUBSIDIARY LIST
AS OF MARCH 23, 1999
PAGE (5 OF 5)

<TABLE>
<CAPTION>

NAME OF SUBSIDIARY	STATE OF ORGANIZATION	OWNED BY	OWNERSHIP PERCENTAGE
<S>	<C>	<C>	<C>
Cleveland Eyecare Network, LLC	TN	AmSurg Holdings, Inc.	51%
The Chevy Chase ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Oklahoma City ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Mountain West Gastroenterology ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Cincinnati ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Fayetteville ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Independence ASC, LLC	TN	AmSurg Holdings, Inc.	60%
AmSurg Northern Kentucky GI, LLC	TN	AmSurg Holdings, Inc.	100%
AmSurg Louisville GI, LLC	TN	AmSurg Holdings, Inc.	51%

AmSurg Kentucky Ophthalmology, LLC	TN	AmSurg Holdings, Inc.	51%
The Phoenix Ophthalmology ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Toledo Endoscopy ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Midwest GI Network	TN	AmSurg Holdings, Inc.	33.33% Financial 51% Governance
The Englewood ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Sun City Ophthalmology ASC, LLC	TN	AmSurg Holdings, Inc.	60%
The Cape Coral/Ft. Myers Endoscopy ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Baltimore Endoscopy ASC, LLC	TN	AmSurg Holdings, Inc.	60%
The Boca Raton Ophthalmology ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Minneapolis Ophthalmology ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The Florham Park Ophthalmology ASC, LLC	TN	AmSurg Holdings, Inc.	51%
The West Texas GI Network, LLC	TN	AmSurg Holdings, Inc.	51%

</TABLE>

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statement of AmSurg Corp. on Form S-8 of our reports dated February 15, 1999 appearing in this Annual Report on Form 10-K of AmSurg Corp. for the year ended December 31, 1998.

DELOITTE & TOUCHE LLP
Nashville, Tennessee

March 26, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM AMSURG CORP.'S BALANCE SHEET AS OF DECEMBER 31, 1998 AND STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1998.
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