SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

HEALTHTRUST INC THE HOSPITAL CO
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 5, 1994

HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(Exact name of registrant as specified in its charter)

Delaware	1-10915	62-1234332
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

4525 Harding Road, Nashville, Tennessee	37205
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (615) 383-4444

None
(Former name or former address, if changed since last report)

Item 2. Acquisition or Disposition of Assets

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On May 5, 1994, the Registrant completed its acquisition (the "Acquisition") of EPIC Holdings, Inc. ("EPIC"). Pursuant to the Acquisition, Odyssey Acquisition Corp., a wholly owned subsidiary of the Registrant, was merged with and into EPIC, and EPIC survived the Acquisition as a wholly owned subsidiary of the Registrant. As a result of the Acquisition, the holders of outstanding common stock, par value $.01 per share, of EPIC (and securities exercisable therefor) will receive $7.00 per share. The amount and nature of the consideration was the result of arms-length negotiation between the parties. The Registrant hereby incorporates by reference into this Current Report on Form 8-K certain information with respect to the Acquisition set forth (i) in the press release of the Registrant dated May 5, 1994 (such press release being Exhibit 99.1 attached hereto) and (ii) under the headings "The Acquisition and the Financing Plan" and "Description of EPIC" in the Final U.S. Prospectus filed pursuant to Rule 424(b) relating to the Registrant's Registration Statement on Form S-3, file no. 33-52401 (such Final U.S. Prospectus being Exhibit 99.2 attached hereto).

A portion of the EPIC acquisition was financed through the public offering by the Registrant of 5,980,000 shares of its common stock, par value $.001 per share, at a public offering price of $28.25 per share. The balance of the EPIC acquisition was financed with cash on hand and borrowings under the Registrant's Credit Agreement (the "1992 Credit Agreement"), dated as of September 29, 1992, among the Registrant, The Bank of Nova Scotia, as Administrative Agent, and the financial institutions named therein, as amended as of March 31, 1994 and May 4, 1994 (such amendments being Exhibit 99.3 hereto). The 1992 Credit Agreement was subsequently refinanced with borrowings on May 12, 1994, under the Credit Agreement, dated as of April 28, 1994, among the Registrant, the Bank of Nova Scotia, as Administrative Agent and the financial institutions named therein, as amended as of May 9, 1994 (such Credit Agreement being Exhibit 99.4 hereto).

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired.

and

(b) Pro Forma Financial Information.

The financial statements and pro forma financial information required by Items 7(a) and 7(b) are incorporated herein by reference to the financial statements and pro forma financial information set forth in the Final U.S. Prospectus filed pursuant to Rule 424(b) relating to the Registrant's Registration Statement on Form S-3 (file no. 33-52401).

(c) Exhibits.

1.1 U.S. Purchase Agreement, dated April 28, 1994, among the Registrant, the selling stockholders named therein

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	and Merrill Lynch & Co. and Donaldson, Lufkin & Jenrette Securities Corporation as representatives of the U.S. underwriters.
1.2	International Purchase Agreement, dated April 28, 1994, among the Registrant, the selling stockholders named therein and Merrill Lynch International Limited and Donaldson, Lufkin & Jenrette Securities Corporation as representatives of the international underwriters.
1.3	Purchase Agreement, dated April 28, 1994, between the Registrant, Donaldson, Lufkin & Jenrette Securities Corporation and Merrill Lynch & Co.
23.1	Consent of Ernst & Young.
99.1	Registrant's press release, dated January 10, 1994.
99.2	Final U.S. Prospectus filed pursuant to Rule 424(b) relating to the Registrant's Registration Statement on Form S-3, file no. 33-52401.
99.3	Amendment No. 1, dated as of March 31, 1994, and Amendment No. 2, dated as of May 4, 1994, to the Credit Agreement, dated as of September 29, 1992, among the Registrant, The Bank of Nova Scotia, as Administrative Agent and the financial institutions named therein.
99.4	Credit Agreement, dated as of April 28, 1994, as amended as of May 9, 1994, among the Registrant, The Bank of Nova Scotia, as Administrative Agent and the financial institutions named therein.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

By /s/ Michael A. Koban, Jr.

Michael A. Koban, Jr.
Senior Vice President

Date: May 13, 1994

EXHIBIT INDEX

Number	Subject Matter
1.1	U.S. Purchase Agreement, dated April 28, 1994, among the Registrant, the selling stockholders named therein and Merrill Lynch & Co. and Donaldson, Lufkin & Jenrette Securities Corporation as representatives of the U.S. underwriters.
1.2	International Purchase Agreement, dated April 28, 1994, among the Registrant, the selling stockholders named therein and Merrill Lynch International Limited and Donaldson, Lufkin & Jenrette Securities Corporation as representatives of the international underwriters.
1.3	Purchase Agreement, dated April 28, 1994, between the Registrant, Donaldson, Lufkin & Jenrette Securities Corporation and Merrill Lynch & Co.

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23.1	Consent of Ernst & Young.
99.1	Registrant's press release, dated May 5, 1994.
99.2	Final U.S. Prospectus filed pursuant to Rule 424(b) relating to the Registrant's Registration Statement on Form S-3, file no. 33-52401.
99.3	Amendment No. 1, dated as of March 31, 1994, and Amendment No. 2, dated as of May 4, 1994, to the Credit Agreement, dated as of September 29, 1992, among the Registrant, The Bank of Nova Scotia, as Administrative Agent and the financial institutions named therein.
99.4	Credit Agreement, dated as of April 28, 1994, as amended as of May 9, 1994, among the Registrant, The Bank of Nova Scotia, as Administrative Agent and the financial institutions named therein.

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EXHIBIT 1.1

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HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(A DELAWARE CORPORATION)

4,976,323 SHARES OF COMMON STOCK

U.S. PURCHASE AGREEMENT

DATED: APRIL 28, 1994

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HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(a Delaware corporation)

4,976,323 Shares of Common Stock

U.S. PURCHASE AGREEMENT

April 28, 1994

MERRILL LYNCH & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
As Representatives of the several U.S. Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Merrill Lynch World Headquarters
North Tower
World Financial Center
New York, New York 10281-1201

Ladies and Gentlemen:

Healthtrust, Inc. - The Hospital Company, a Delaware corporation (the "Company"), proposes to issue and sell to the underwriters named in Schedule A hereto (collectively, the "U.S. Underwriters"), for whom you are acting as representatives (the "U.S. Representatives"), an aggregate of 4,160,000 authorized but unissued shares of the Company's Common Stock, par value $.001 per share (shares of which class of stock of the Company are hereinafter referred to as "Common Stock") and certain shareholders of the Company (the "Selling Shareholders") named in Schedule B hereto severally propose to sell to the several U.S. Underwriters an aggregate of 816,323 shares of Common Stock. Such shares of Common Stock are to be sold to each U.S. Underwriter, acting severally and not jointly, in such amounts as are set forth in Schedule A opposite the name of such U.S. Underwriter. The Company also grants to the U.S. Underwriters, severally and not jointly, the option described in Section 2 to purchase all or any part of 624,000 additional shares of Common Stock to cover over-allotments. The aforesaid 4,976,323 shares of Common Stock (the "Initial U.S. Shares"), together with all or any part of the

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624,000 additional shares of Common Stock subject to the option described in Section 2 (the "U.S. Option Shares"), are collectively herein called the "U.S. Shares". The U.S. Shares are more fully described in the U.S.

Prospectus referred to below. The Company and the Selling Shareholders are hereinafter sometimes collectively referred to as the Sellers.

It is understood that the Company and the Selling Shareholders are concurrently entering into an agreement, dated the date hereof (the "International Purchase Agreement"), providing for the issuance and sale by the Company of 1,040,000 shares of Common Stock and the sale by the Selling Shareholders of 204,081 shares of Common Stock (together, the "International Shares") through arrangements with certain underwriters outside the United States and Canada (the "International Underwriters"), for whom Merrill Lynch International Limited and Donaldson, Lufkin & Jenrette Securities Corporation are acting as representatives (the "International Representatives"). The U.S. Shares and the International Shares are hereinafter collectively referred to as the "Offered Shares".

The Sellers understand that the U.S. Underwriters will simultaneously enter into an agreement with the International Underwriters dated the date hereof (the "Intersyndicate Agreement") providing for the coordination of certain transactions among the U.S. Underwriters and the International Underwriters, under the direction of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

You have advised us that you and the other U.S. Underwriters, acting severally and not jointly, desire to purchase the Initial U.S. Shares and, if the U.S. Underwriters so elect, the U.S. Option Shares, and that you have been authorized by the other U.S. Underwriters to execute this Agreement and the U.S Price Determination Agreement referred to below on their behalf.

The initial public offering price per share for the U.S. Shares and the purchase price per share for the U.S. Shares to be paid by the several U.S. Underwriters shall be agreed upon by the Company, the Selling Shareholders and the U.S. Representatives, acting on behalf of the several U.S. Underwriters, and such agreement shall be set forth in a separate written instrument substantially in the form of Exhibit A hereto (the "U.S. Price Determination Agreement"). The U.S. Price Determination Agreement may take the form of an exchange of any standard form of written telecommunication among the Company, the Selling Shareholders and the U.S. Representatives and shall specify such applicable information as is indicated in Exhibit A hereto. The offering of the U.S. Shares will be governed by this Agreement, as supplemented by the U.S. Price Determination Agreement. From and after the date of

the execution and delivery of the U.S Price Determination Agreement, this Agreement shall be deemed to incorporate, and all references herein to "this Agreement" or "herein" shall be deemed to include, the U.S Price Determination Agreement.

The initial public offering price per share and the purchase price per share for the International Shares to be paid by the International Underwriters pursuant to the International Purchase Agreement shall be set forth in a separate agreement (the "International Price Determination Agreement"), the form of which is attached to the International Purchase Agreement. The purchase price per share for the International Shares to be paid by the several International Underwriters shall be identical to the purchase price per share for the U.S. Shares to be paid by the several U.S. Underwriters hereunder.

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (File No. 33-52401) covering the registration of the Offered Shares under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectuses, and either (A) has prepared and proposes to file, prior to the effective date of such registration statement, an amendment to such registration statement, including final prospectuses, or (B) if the Company has elected to rely upon Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"),

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will prepare and file prospectuses, in accordance with the provisions of Rule 430A and Rule 424(b) ("Rule 424(b)") of the 1933 Act Regulations, promptly after execution and delivery of the U.S. Price Determination Agreement.* The information, if any, included in such prospectuses that was omitted from any prospectus included in such registration statement at the time it becomes effective but that is deemed, pursuant to Rule 430A(b), to be part of such registration statement at the time it becomes effective is referred to herein as the "Rule 430A Information". Each

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* Two forms of prospectus are to be used in connection with the offering and sale of the Offered Shares: one relating to the U.S. Shares (the "Form of U.S. Prospectus") and one relating to the International Shares (the "Form of International Prospectus"). The Form of International Prospectus is identical to the Form of U.S. Prospectus, except for the front cover page, inside front cover page, the section captioned "Underwriting" and the back cover page.

Form of U.S Prospectus and Form of International Prospectus used before the time such registration statement becomes effective, and any Form of U.S. Prospectus and Form of International Prospectus that omits the Rule 430A Information that is used after such effectiveness and prior to the execution and delivery of the U.S. Price Determination Agreement or the International Price Determination Agreement, respectively, is herein called a "preliminary prospectus". Such registration statement, including the exhibits thereto, as amended at the time it becomes effective and including, if applicable, the Rule 430A Information, is herein called the "Registration Statement", and the Form of U.S. Prospectus and Form of International Prospectus included in the Registration Statement at the time it becomes effective is herein called the "U.S. Prospectus" and the "International Prospectus", respectively, and, collectively, the "Prospectuses" and, individually, a "Prospectus", except that, if the final U.S. Prospectus or International Prospectus, as the case may be, first furnished to the U.S. Underwriters or the International Underwriters after the execution of the U.S. Price Determination Agreement or the International Price Determination Agreement for use in connection with the offering of the Offered Shares differs from the prospectuses included in the Registration Statement at the time it becomes effective (whether or not such prospectuses are required to be filed pursuant to Rule 424(b)), the terms "U.S. Prospectus", "International Prospectus", "Prospectuses" and "Prospectus" shall refer to the final U.S. Prospectus or International Prospectus, as the case may be, first furnished to the U.S. Underwriters or the International Underwriters, as the case may be, for such use.

The Company and the Selling Shareholders understand that the U.S. Underwriters propose to make a public offering of the U.S. Shares as soon as you deem advisable after the Registration Statement becomes effective and the U.S. Price Determination Agreement has been executed and delivered.

The parties hereto acknowledge that the Shares of Common Stock that will be sold by the Selling Shareholders are being sold upon the exercise of warrants owned by the Selling Shareholders.

The parties hereto further acknowledge that for purposes of this Agreement, the "Company" and the "Company's Subsidiaries" shall refer to the Company and the Company's subsidiaries on the date of this Agreement.

Section 1. Representations and Warranties. (a) The Company represents and warrants to and agrees with each of the U.S. Underwriters that:

(i) When the Registration Statement shall become effective, if the Company has elected to rely upon Rule 430A, on the date of the U.S. Price DeterminationAgreement, on the effective or issue date of each amendment or supplement to the Registration Statement or the Prospectuses, at the Closing Time referred to below, and, if, any U.S. Option Shares are purchased, on the Date of Delivery referred to below, (A) the Registration Statement and any amendments and supplements thereto will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations; (B) neither the Registration Statement nor any amendment or supplement thereto will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to

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make the statements therein not misleading; and (C) neither of the Prospectuses nor any amendment or supplement to either of them will include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, this representation and warranty does not apply to statements or omissions from the Registration Statement or the Prospectuses made in reliance upon and in conformity with information furnished or confirmed in writing to the Company by or on behalf of any Underwriter through you or the International Representatives expressly for use in the Registration Statement or the Prospectuses.

(ii) This Agreement has been duly authorized, executed and delivered by the Company.

(iii) The consolidated financial statements of the Company included in the Registration Statement present fairly the consolidated financial position of the Company and the Company's Subsidiaries (as hereinafter defined) as of the dates indicated and the consolidated statements of operations, stockholders' equity and cash flows of the Company and the Company's Subsidiaries for the periods specified. Except as otherwise stated in the Registration Statement, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved. The financial statement schedules, if any, included in the

Registration Statement present fairly the information required to be stated therein. The pro forma financial statements and other pro forma financial information included in the Prospectuses present fairly the information shown therein, have been prepared in all material respects in accordance with the Commission's rules and guidelines with respect to pro forma financial statements, have been properly compiled on the pro forma bases described therein, and, in theopinion of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein.

(iv) To the Company's knowledge, the consolidated financial statements of EPIC Holdings, Inc. ("EPIC") and EPIC's subsidiaries (including the financial statements of EPIC Healthcare Group, Inc. ("EPIC Group"), EPIC's wholly-owned subsidiary) included in the Registration Statement present fairly the consolidated financial position of EPIC and EPIC's Subsidiaries (as hereinafter defined) as of the dates indicated and the consolidated statements of operations, stockholders' equity (deficit) and cash flows of EPIC and EPIC's Subsidiaries for the periods specified. To the Company's knowledge, except as otherwise stated in the Registration Statement, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved.

(v) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses; and the Company is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(vi) To the Company's knowledge, EPIC is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business as

described in the Prospectuses and EPIC is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not

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have a material adverse effect on EPIC and EPIC's Subsidiaries, considered as one enterprise.

(vii) Each of the Company's subsidiaries (collectively, the "Company's Subsidiaries") is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses; and each of the Company's Subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise. Except as set forth in the Registration Statement, all of the outstanding shares of capital stock of each of the Company's Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Company, directly or through one or more Subsidiaries, free and clear of any pledge, lien, perfected security interest, claim or encumbrance of any kind or, to the knowledge of the Company, any unperfected security interest.

(viii) To the Company's knowledge, each of EPIC's subsidiaries (collectively, "EPIC's Subsidiaries") is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses and each of EPIC's Subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on EPIC and EPIC's Subsidiaries, considered as

one enterprise. To the Company's knowledge, except as set forth in the Registration Statement, all of the outstanding shares of capital stock of each of EPIC's Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and except as set forth in the Disclosure Schedule (as hereinafter defined), are owned by EPIC, directly or through one or more Subsidiaries, free and clear of any pledge, lien, perfected security interest, claim or encumbrance of any kind or, to the knowledge of the Company, any unperfected security interest.

(ix) The shares to be sold by the Company (whether to you or the Selling Shareholders upon exercise of their warrants) pursuant to this Agreement and the International Purchase Agreement have been duly authorized and, when issued and delivered by the Company upon receipt of the payment therefor in accordance with this Agreement and the International Purchase Agreement, will be validly issued, fully paid and non-assessable; such shares are not subject to the preemptive or other similar rights of any stockholder of the Company arising by operation of law, under the charter and bylaws of the Company or under any agreement to which the Company or any of the Company's Subsidiaries is a party.

(x) All of the outstanding shares of capital stock of the Company other than the Offered Shares have been duly authorized and validly issued and are fully paid and non-assessable; and none of the outstanding shares of Common Stock of the Company was issued in violation of the preemptive or other similar rights of any stockholder of the Company arising by operation of law, under the charter and bylaws of the Company or under any agreement to which the Company or any of the Company's Subsidiaries is a party.

(xi) To the Company's knowledge, all of the outstanding shares of capital stock of EPIC have been duly authorized and validly issued and are fully paid and non-assessable and none of the outstanding shares of Common Stock of EPIC was issued in violation of the preemptive or other similar rights of any stockholder of EPIC arising by operation of law, under the charter and bylaws of EPIC or under any agreement to which EPIC or any of EPIC's Subsidiaries is a party.

(xii) Since the respective dates as of which information is given in the Registration Statement and the Prospectuses, except as otherwise stated therein or

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contemplated thereby, there has not been any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business.

(xiii) To the Company's knowledge, since the respective dates as of which information is given in the Registration Statement and the Prospectuses, except as otherwise stated therein or contemplated thereby, there has not been (A) any change in the condition (financial or otherwise), earnings or business affairs of EPIC or EPIC's Subsidiaries that would be material and adverse to the Company, its Subsidiaries, EPIC and EPIC's Subsidiaries, considered as one enterprise (the "Combined Company"), whether or not arising in the ordinary course of business, or (B) any dividend or distribution of any kind declared, paid or made by EPIC on its capital stock.

(xiv) Neither the Company nor any of the Company's Subsidiaries is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, except as disclosed in the Prospectuses and except for such defaults that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise. The execution and delivery of this Agreement by the Company, the issuance and delivery by the Company of the Offered Shares (whether to you or the Selling Shareholders upon exercise of their warrants), the consummation by the Company of the transactions contemplated in this Agreement and the consummation of the Acquisition, the Subordinated Debt Offering, the Tender Offers, the Debt Redemption, the 1994 Credit Agreement and the transactions described in the ESOP Agreement (all as defined in the Registration Statement) and compliance by the Company with the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company or any of the Company's Subsidiaries, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under,

or result in the creation or imposition of any lien or encumbrance upon any property or assets of the Company or any of the Company's Subsidiaries under (A) any indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company or any of the Company's Subsidiaries is a party or by which it is bound or to which any of its properties is subject (assuming that the amendment to the Credit Agreement dated as of September 29, 1992 among the Company and the financial institutions named therein is effective at the time of the Acquisition), or (B) any existing applicable law (including any environmental law), rule, regulation, judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over the Company or any of the Company's Subsidiaries or any of their respective properties, in each case, except as disclosed in the Prospectuses and except for such conflicts, breaches or defaults or liens or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise.

(xv) To the Company's knowledge, neither EPIC nor any of EPIC's Subsidiaries is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, except as disclosed in the Prospectuses and except for such defaults that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of EPIC and EPIC's Subsidiaries, considered as one enterprise. To the Company's knowledge, the consummation by EPIC of the transactions contemplated in this Agreement and in the ESOP Agreement and the consummation of the Acquisition and the Tender Offers have been duly

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authorized by all necessary corporate action on the part of EPIC and the consummation of the foregoing and the Debt Redemption do not and will not result in any violation of the charter or by-laws of EPIC or any of EPIC's Subsidiaries, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any property or assets of EPIC or any of EPIC's Subsidiaries under (A) any indenture, mortgage, loan agreement, note, lease or other

agreement or instrument to which EPIC or any of EPIC's Subsidiaries is a party or by which it is bound or to which any of its properties is subject, or (B) any existing applicable law (including any environmental law), rule, regulation, judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over EPIC or any of EPIC's Subsidiaries or any of their respective properties, in each case, except as disclosed in the Prospectuses and except for such conflicts, breaches or defaults or liens or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company.

(xvi) Except as disclosed in the Registration Statement, no authorization, approval, consent or license of any government, governmental instrumentality or court (other than under the 1933 Act and the 1933 Act Regulations, the Trust Indenture Act of 1939, as amended and the applicable rules and regulations promulgated thereunder (the "Trust Indenture Act") and the securities or blue sky laws of the various states and the securities laws of any jurisdiction outside the United States in which International Shares are offered or sold by the International Underwriters pursuant to the International Purchase Agreement) is required for the valid issuance, sale and delivery of the Offered Shares by the Company (whether to you or the Selling Shareholders upon exercise of their warrants) or for the consummation by the Company of the transactions described in the Prospectuses under the caption "The Acquisition and the Financing Plan".

(xvii) Except as disclosed in the Prospectuses, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, now pending or, to the knowledge of the Company, threatened against or affecting the Company or any of the Company's Subsidiaries that is required to be disclosed in the Prospectuses or that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement and described in the Registration Statement under the caption "The Acquisition and the Financing Plan".

(xviii) To the Company's knowledge, except as disclosed in the Prospectuses, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, now pending or, to the knowledge of the Company, threatened against or affecting EPIC or any of EPIC's Subsidiaries that is required to be disclosed in the Prospectuses or that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Combined Company, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement and described in the Registration Statement under the caption "The Acquisition and the Financing Plan".

(xix) In the Company's judgment, there are no contracts or documents of a character required to be described in the Registration Statement or the Prospectuses or to be filed as exhibits to the Registration Statement that are not described and filed as required.

(xx) Each of the Company and the Company's Subsidiaries own or possess all governmental licenses, permits, certificates (including, without limitation, certificate of need approvals and certification under the Medicare program), consents, orders, approvals and other authorizations

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(collectively, "Governmental Licenses") necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such Governmental Licenses could reasonably be expected to not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, and neither the Company nor any of the Company's Subsidiaries has received any notice of proceedings relating to revocation or modification of any such Governmental Licenses that, in the aggregate, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise. All of the hospitals operated by the Company and the Company's Subsidiaries are "providers of services" as defined in the Social Security Act and the regulations promulgated thereunder, and are eligible to participate in the Medicare program, except as would not have a

material adverse effect on the condition (financial or other), earnings or business affairs of the Company and the Company's Subsidiaries, taken as one enterprise.

(xxi) To the Company's knowledge, each of EPIC and EPIC's Subsidiaries own or possess all governmental licenses, permits, certificates (including, without limitation, certificate of need approvals and certification under the Medicare program), consents, orders, approvals and other authorizations (collectively, "Governmental Licenses") necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such Governmental Licenses could reasonably be expected to not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company, and neither EPIC nor any of EPIC's Subsidiaries has received any notice of proceedings relating to revocation or modification of any such Governmental Licenses that, in the aggregate, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company. To the Company's knowledge, all of the hospitals operated by EPIC and EPIC's Subsidiaries are "providers of services" as defined in the Social Security Act and the regulations promulgated thereunder, and are eligible to participate in the Medicare program, except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxii) The Company has not taken and will not take, directly or indirectly, any action designed to cause or result in stabilization or manipulation of the price of the Common Stock; and the Company has not distributed and will not distribute any prospectus (as such term is defined in the 1933 Act and the 1933 Act Regulations) in connection with the offering and sale of the Offered Shares other than any preliminary prospectus filed with the Commission or the Prospectuses or other material permitted by the 1933 Act or the 1933 Act Regulations.

(xxiii) Except as disclosed in the Prospectuses, all United States federal income tax returns of the Company and the Company's Subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except tax assessments, if

any, as are being contested in good faith and as to which adequate reserves have been provided, in each case except as would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise. Except as disclosed in the Prospectuses, all other franchise and income tax returns of the Company and the Company's Subsidiaries required to be filed pursuant to applicable foreign, state or local law have been filed, except insofar as the failure to file such returns would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and

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the Company's Subsidiaries, considered as one enterprise, and all taxes shown on such returns or otherwise assessed which are due and payable have been paid, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. To the best of the Company's knowledge, the charges, accruals and reserves on the books of the Company and the Company's Subsidiaries in respect of any income and corporate franchise tax liability for any years not finally determined are adequate to meet any assessments or reassessments for additional income or corporate franchise tax for any years not finally determined, except as disclosed in the Prospectuses and except to the extent of any inadequacy that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise.

(xxiv) To the Company's knowledge, except as disclosed in the Prospectuses, all United States federal income tax returns of EPIC and EPIC's Subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except tax assessments, if any, as are being contested in good faith and as to which adequate reserves have been provided, in each case except as would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company. To the Company's knowledge, except as disclosed in the Prospectuses, all other franchise and income tax returns of EPIC and EPIC's Subsidiaries required to be filed pursuant to applicable foreign, state or local law have been filed, except insofar as the failure to file such returns would not have a material adverse effect on the condition (financial or otherwise),

earnings or business affairs of the Combined Company, and all taxes shown on such returns or otherwise assessed which are due and payable have been paid, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided, in each case except as would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company. To the Company's knowledge, the charges, accruals and reserves on the books of EPIC and EPIC's Subsidiaries in respect of any income and corporate franchise tax liability for any years not finally determined are adequate to meet any assessments or reassessments for additional income or corporate franchise tax for any years not finally determined, except as disclosed in the Prospectuses and except to the extent of any inadequacy that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company.

(xxv) The Company has obtained the written agreement of R. Clayton McWhorter, Michael A. Koban, Jr. and W. Hudson Connery, Jr. substantially in the form previously furnished to you that, for a period of 90 days from the date hereof, such persons will not, without the prior written consent of the U.S. Representatives (which consent shall not be unreasonably withheld), directly or indirectly, sell, offer to sell, contract to sell, grant any option for the sale of, or otherwise dispose of any shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock ("convertible securities"); provided, however, that during such 90 day period, such persons may without such prior written consent (i) transfer such shares of Common Stock or convertible securities by will or the laws of descent and distribution, (ii) make gifts of shares of Common Stock or convertible securities or transfer such shares of Common Stock or convertible securities to (A) family members (by trust or otherwise), so long as the donee agrees to be bound by the foregoing restriction in the same manner as it applies to such persons, or (B) charitable organizations and (iii) sell, transfer or otherwise dispose of shares of Common Stock or convertible securities to the Company in connection with any of the transactions contemplated by the Registration Statement.

(xxvi) To the Company's knowledge, EPIC's Employee Stock Ownership Plan (the "EPIC ESOP") and the trust created pursuant to the Trust Agreement for the EPIC ESOP between EPIC Group and U.S. Trust Company of California, N.A., as trustee under the EPIC ESOP (the "EPIC Trustee"), dated as of September 30, 1988 (the "EPIC ESOP Trust"), meet all applicable

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requirements of qualification and exemption from taxation under Sections 401(a) and 501(a), respectively, of the Internal Revenue Code of 1986, as amended (the "Code"), except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxvii) To the Company's knowledge, the EPIC ESOP constitutes an "employee stock ownership plan," as defined in Section 4975(e)(7) of the Code and the Treasury Regulations promulgated thereunder, and as defined in Section 407(d)(6) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(xxviii) To the Company's knowledge, each of the loans to the EPIC ESOP Trust pursuant to the EPIC ESOP Loan Agreement and the Substitute EPIC ESOP Loan Agreement, each between EPIC Group and the EPIC ESOP Trustee and dated as of September 30, 1988 and July 30, 1991, respectively (collectively, the "ESOP Loan Agreements"), and each of the pledges of shares of EPIC Group Common Stock, par value $.01 per share (the "EPIC Group Common Stock"), by the EPIC ESOP Trust pursuant to the Pledge Agreement and the Amendment to the Pledge Agreement, each between EPIC Group and the EPIC ESOP Trustee and dated as of September 30, 1988 and July 30, 1991, respectively (collectively, the "EPIC ESOP Pledge Agreements"), satisfies the requirements of Section 4975(d)(3) of the Code and Section 408(b)(3) of ERISA, and will not subject EPIC to a tax imposed under Section 4975 of the Code or a civil penalty assessed under Section 502(i) of ERISA, in each case except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxix) To the Company's knowledge, the EPIC Common Stock is a "qualifying employer security," within the meaning of Section 4975(e)(8) of the Code and Section 407(d)(5) of ERISA, except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxx) To the Company's knowledge, the sales of shares of EPIC Group Common Stock to the EPIC ESOP Trust pursuant to the Subscription Agreement between EPIC Group and the EPIC ESOP Trustee (the "EPIC ESOP Subscription Agreement"), satisfies the requirements of Section 4975(d)(13) of the Code and Section 408(e) of ERISA, and will not subject EPIC to a tax imposed under Section 4975 of the Code or a civil penalty assessed under Section 502(i) of ERISA, in each case except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxxi) To the Company's knowledge, and except as disclosed in the Prospectuses, no opinion, correspondence or other communication, whether written or otherwise, has been received by EPIC or any of its agents, affiliates, associates, officers or directors, or any fiduciary of the EPIC ESOP, from the United States Department of Labor, the Internal Revenue Service or any other Federal or state governmental or regulatory agency, body or authority, to the effect that either of the loans to the EPIC ESOP Trust pursuant to the EPIC ESOP Loan Agreements, either of the pledges of shares of EPIC Group Common Stock by the EPIC ESOP Trust pursuant to the EPIC ESOP Pledge Agreements or the sales of shares of EPIC Group Common Stock to the EPIC ESOP Trust pursuant to the EPIC ESOP Subscription Agreement may or will constitute a violation of or result in any liability under ERISA or the Code, in each case except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxxii) None of the transactions contemplated by the ESOP Agreement should constitute a material violation of or result in any material liability under ERISA or the Code (including, without limitation, any tax under Section 4978B of the Code), except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(b) Any certificate signed by any officer of the Company and delivered to you or to Davis Polk & Wardwell as counsel for the U.S. Underwriters pursuant to this Agreement or at the Closing contemplated hereby shall be deemed a representation and warranty by the Company to each U.S. Underwriter as to the matters covered thereby.

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(c) Representations and warranties in this Agreement which are given "to the Company's knowledge" are based solely upon (i) the Company's actual knowledge and (ii) the representations and warranties of EPIC set forth in the Merger Agreement, dated as of January 9, 1994, among the Company, Odyssey Acquisition Corp. and EPIC (the "Merger Agreement"). For purposes of this Agreement, "Disclosure Schedule" means the disclosure schedule of EPIC relating to the Merger Agreement.

(d) Each of the Selling Shareholders represents and warrants to each of the Underwriters that:

(i) This Agreement and the International Purchase Agreement have been duly authorized, executed and delivered by or on behalf of such Selling Shareholder.

(ii) The execution and delivery by such Selling Shareholder of, and the performance by such Selling Shareholder of its obligations under, this Agreement, the Custody Agreement signed by such Selling Shareholder and First Union National Bank of North Carolina, as Custodian, relating to the deposit of Shares to be sold by such Selling Shareholder (the "Custody Agreement") and the Power of Attorney appointing certain individuals as such Selling Shareholder's attorneys-in-fact to the extent set forth therein, relating to the transactions contemplated hereby and by the Registration Statement (the "Power of Attorney") will not contravene any provision of applicable law, or the certificate of incorporation (or charter) or by-laws of such Selling Shareholder (if such Selling Shareholder is a corporation), or, in any material respects, any agreement or other instrument binding upon such Selling Shareholder or, in any material respects, any judgment, order or decree of any governmental body, agency or court having jurisdiction over such Selling Shareholder, and no consent, approval, authorization or order of or qualification with any governmental body or agency is required for the performance by such Selling Shareholder of its obligations under this Agreement or the Custody Agreement or Power of Attorney of such Selling Shareholder, except such as have already been obtained or as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(iii) On the Closing Date, such Selling Shareholder, upon due authorization and issuance of the Shares by the Company to the Selling Shareholder, will have,

valid marketable title to the Shares to be sold by such Selling Shareholder and the legal right and power, and all authorization and approval required by law, to enter into this Agreement, the Custody Agreement and the Power of Attorney and to sell, transfer and deliver the Shares to be sold by such Selling Shareholder.

(iv) The Custody Agreement and the Power of Attorney have been duly authorized, executed and delivered by such Selling Shareholder and are valid and binding agreements of such Selling Shareholder.

(v) Assuming that the Company duly authorizes, issues and delivers the Shares to be sold by the Selling Shareholder on the Closing Date to the Selling Shareholder free and clear of any security interests, claims, liens, equities and other encumbrances, delivery of the Shares to be sold by such Selling Shareholder pursuant to this Agreement will pass marketable title to such Shares free and clear of any security interests, claims, liens, equities and other encumbrances.

(vi) The Selling Shareholder is not an investment company under the Investment Company Act of 1940 or is registered under the Investment Company Act of 1940.

(vii) All information furnished to the Company in writing by or on behalf of such Selling Shareholder for use in the Registration Statement and Prospectus is, and on the Closing Date will be, true, correct, and complete, and does not, and on the Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

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(viii) The Selling Shareholder has not taken, and will not take, directly or indirectly, any action designed to, or which might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares pursuant to the distribution contemplated by this Agreement, and other than as permitted by the Act, such Selling Shareholder has not distributed and will not distribute any prospectus or other offering material in connection with the offering and sale of the Shares.

(ix) The part of the preliminary prospectus under the caption "Selling Shareholders" which specifically

relates to such Selling Shareholder or such Selling Shareholder's affiliates does not, and will not on the Closing Date (and Option Closing Date, if applicable), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading.

(x) At any time during such period as in the opinion of counsel for the Underwriters a prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, if there is any change in the information referred to in Section 1(d)(viii) above, the Selling Shareholder will immediately notify you of such change.

Section 2. Sale and Delivery to the U.S. Underwriters; Closing. (a) On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Company and each Selling Shareholder severally agree to sell to each U.S. Underwriter, and each U.S. Underwriter agrees, severally and not jointly, to purchase from the Company and each Selling Shareholder, at the purchase price per share for the Initial U.S. Shares to be agreed upon by the U.S. Representatives and the Company in accordance with Section 2(b) or 2(c) and set forth in the U.S. Price Determination Agreement, the number of Initial U.S. Shares set forth opposite the name of such U.S. Underwriter in Schedule A, plus such additional number of Initial U.S. Shares that such U.S. Underwriter may become obligated to purchase pursuant to Section 11 hereof. If the Company elects to rely on Rule 430A, Schedule A may be attached to the U.S. Price Determination Agreement.

(b) If the Company has elected not to rely upon Rule 430A, the initial public offering price per share for the Initial U.S. Shares and the purchase price per share for the Initial U.S. Shares to be paid by the several U.S. Underwriters shall be agreed upon and set forth in the U.S. Price Determination Agreement, dated the date hereof, and an amendment to the Registration Statement containing such per share price information will be filed before the Registration Statement becomes effective.

(c) If the Company has elected to rely upon Rule 430A, the initial public offering price per share for the Initial U.S. Shares and the purchase price per share for the Initial U.S. Shares to be paid by the several U.S. Underwriters shall be agreed upon and set forth in the U.S.

Price Determination Agreement. In the event that the U.S. Price Determination Agreement has not been executed by the close of business on the fourth business day following the date on which the Registration Statement becomes effective, this Agreement shall terminate forthwith, without liability of any party to any other party except that Sections 7 and 8 shall remain in effect.

(d) In addition, on the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Company hereby grants an option to the U.S. Underwriters, severally and not jointly, to purchase up to an additional 624,000 U.S. Option Shares at the same purchase price per share as shall be applicable to the Initial U.S. Shares. The option hereby granted will expire 30 days after the date upon which the Registration Statement becomes effective or, if the Company has elected to rely upon Rule 430A, the date of the U.S. Price Determination Agreement, and may be exercised in whole or from time to time in part only for the purpose of covering over-allotments that may be made in connection with the

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offering and distribution of the Initial U.S. Shares upon notice by you to the Company setting forth the number of U.S. Option Shares as to which the several U.S. Underwriters are exercising the option, and the time and date of payment and delivery thereof. Such time and date of delivery (the "Date of Delivery") shall be determined by you but shall not be later than five full business days after the exercise of such option, nor in any event prior to the Closing Time. If the option is exercised as to all or any portion of the U.S. Option Shares, the U.S. Option Shares as to which the option is exercised shall be purchased by the U.S. Underwriters, severally and not jointly, in the respective proportions that bear the same relationship to the number of U.S. Option Shares to be purchased at the Date of Delivery as the number of Initial U.S. Shares set forth opposite the name of each U.S. Underwriter in Schedule A hereto bears to the total number of Initial U.S. Shares (such proportions are hereinafter referred to as each U.S. Underwriter's "underwriting obligation proportions").

(e) Payment of the purchase price for, and delivery of certificates for, the Initial U.S. Shares shall be made at the offices of Dewey Ballantine, 1301 Avenue of the Americas, New York, New York 10019, or at such other place as shall be agreed upon by the Company and you, at 10:00 A.M. either (i) on the fifth full business day after the effective date of the Registration Statement, or (ii) if the Company has elected to rely upon Rule 430A, the fifth full business day after execution of the U.S. Price Determination Agreement (unless, in either case, postponed

pursuant to Section 11), or at such other time not more than ten full business days thereafter as you and the Company shall determine (such date and time of payment and delivery being herein called the "Closing Time"). In addition, in the event that any or all of the U.S. Option Shares are purchased by the U.S Underwriters, payment of the purchase price for, and delivery of certificates for, such U.S. Option Shares shall be made at the offices of Dewey Ballantine set forth above, or at such other place as the Company and you shall determine, on the Date of Delivery as specified in the notice from you to the Company. Payment shall be made to the Company and the Selling Shareholders by certified or official bank check or checks in New York Clearing House funds payable to the order of the Company or the Selling Shareholders against delivery to you for the respective accounts of the several U.S. Underwriters of certificates for the U.S. Shares to be purchased by them.

(f) Certificates for the Initial U.S. Shares and U.S. Option Shares to be purchased by the U.S. Underwriters shall be in such denominations and registered in such names as you may request in writing at least two full business days before the Closing Time or the Date of Delivery, as the case may be. The certificates for the Initial U.S. Shares and U.S. Option Shares will be made available in New York City for examination and packaging by you not later than 10:00 A.M. on the business day prior to the Closing Time or the Date of Delivery, as the case may be.

(g) It is understood that each U.S. Underwriter has authorized you, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the U.S. Shares that it has agreed to purchase. You, individually and not as U.S. Representatives, may (but shall not be obligated to) make payment of the purchase price for the Initial U.S. Shares, or U.S. Option Shares, to be purchased by any U.S. Underwriter whose check or checks shall not have been received by the Closing Time or the Date of Delivery, as the case may be.

(h) It is understood that the obligations of the Company to sell the Offered Shares being sold by it hereunder are subject to the consummation of the Acquisition (as defined in the Registration Statement). If the Acquisition is not consummated, this Agreement may be terminated by the Company upon notice to the U.S. representatives at or prior to the Closing Time, and such Termination shall be without liability of any party to any other party except as provided in Section 4 herein. Notwithstanding any such termination, the provisions of Sections 7 and 8 herein shall remain in effect.

Section 3. Certain Covenants of the Company. The Company covenants with each U.S. Underwriter as follows:

(a) The Company will use its best efforts to cause the

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Registration Statement to become effective and, if the Company elects to rely upon Rule 430A and subject to Section 3(b), will comply in all material respects with the requirements of Rule 430A and will notify you promptly, (i) when the Registration Statement, or any post-effective amendment to the Registration Statement, shall have become effective, or any supplement to the Prospectuses or any amended Prospectuses shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission to amend the Registration Statement or amend or supplement any Prospectus or for additional information and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Offered Shares for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes. The Company will make every reasonable effort to prevent the issuance of any such stop order or of any order preventing or suspending such use and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) The Company will not at any time file or make any amendment to the Registration Statement, or any amendment or supplement (i) if the Company has not elected to rely upon Rule 430A, to the Prospectuses or (ii) if the Company has elected to rely upon Rule 430A, to either the prospectus included in the Registration Statement at the time it becomes effective or to the Prospectuses, of which you shall not have previously been advised and furnished a copy or to which you or Davis Polk & Wardwell as counsel for the U.S. Underwriters shall have promptly and reasonably objected in writing.

(c) The Company has furnished or will furnish to you and Davis Polk & Wardwell as counsel for the U.S. Underwriters, without charge, as many signed copies (as reasonably requested) of the Registration Statement as originally filed and of all amendments thereto, whether filed before or after the Registration Statement becomes effective, copies of all exhibits and documents filed therewith and signed copies of all consents and certificates of experts, as you may reasonably request and has furnished or will furnish to you, for each other U.S. Underwriter, one conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits).

(d) The Company will deliver to each U.S. Underwriter, without charge, from time to time until the effective date of the Registration Statement (or, if the Company has elected to rely upon Rule 430A, until the time the U.S. Price Determination Agreement is executed and delivered), as many copies of each preliminary prospectus as such U.S. Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will deliver to each Underwriter, without charge, as soon as the Registration Statement shall have become effective (or, if the Company has elected to rely upon Rule 430A, as soon as practicable after the U.S. Price Determination Agreement has been executed and delivered) and thereafter from time to time as requested during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectuses (as supplemented or amended) as such U.S. Underwriter may reasonably request.

(e) The Company will comply in all material respects with the 1933 Act and the 1933 Act Regulations, and the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder so as to permit the completion of the distribution of the Offered Shares as contemplated in this Agreement and in the Prospectuses. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Shares any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for the U.S. Underwriters or counsel for the Company, to amend the Registration Statement or amend or supplement any Prospectus in order that the Prospectuses will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of either such counsel, at any such time to amend the Registration Statement or amend or supplement any Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such untrue statement or omission or to make the Registration Statement or the Prospectuses comply with such requirements.

(f) The Company will endeavor, in cooperation with the U.S. Underwriters, to qualify the Offered Shares for offering and sale under the

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applicable securities laws of such states and other jurisdictions as the Company and you may mutually agree upon and to maintain such

qualifications in effect for a period of not less than one year from the effective date of the Registration Statement; provided, however, that neither the Company nor any of the Company's Subsidiaries shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Company will file such statements and reports as may be required by the laws of each such jurisdiction to maintain the qualification of the Offered Shares as above provided.

(g) The Company will make generally available to its security holders as soon as practicable, but not later than 60 days after the close of the period covered thereby, an earnings statement of the Company (in form complying with the provisions of Rule 158 of the 1933 Act Regulations), covering a period of 12 months beginning after the effective date of the Registration Statement but not later than the first day of the Company's fiscal quarter next following such effective date.

(h) For a period of 90 days from the date hereof, the Company will not, without your prior written consent, which consent shall not be unreasonably withheld, directly or indirectly, sell, offer to sell, contract to sell, grant any option for the sale of, or otherwise dispose of, any Common Stock or convertible securities, other than (i) to eligible participants in the Company's employee benefit plans pursuant to the terms thereof and to the U.S. Underwriters pursuant to this Agreement, (ii) contributions to the Company's employee benefit plans in accordance with the terms thereof, (iii) upon exercise of options or warrants to purchase Common Stock, (iv) to the International Underwriters pursuant to the International Purchase Agreement and (v) in connection with the transactions described in the Prospectuses (including the transactions described under the caption "The Acquisition and Financing Plan" in the Prospectuses).

(i) If the Company has elected to rely upon Rule 430A, it will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus.

(j) The Company, with respect to the offering of the Offered Shares, has complied and will comply with all of the provisions of Florida H.B. 1771, codified as Section

517.075 of the Florida Statutes, and all regulations promulgated thereunder relating to issuers doing business with Cuba.

Section 4. Payment of Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (a) the printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, the preliminary prospectuses and the Prospectuses and any amendments or supplements thereto, and the cost of furnishing copies thereof to the U.S. Underwriters, (b) the printing and distribution of this Agreement (including the U.S. Price Determination Agreement), the Agreement among U.S. Underwriters, the Intersyndicate Agreement, the Agreement among International Underwriters, the certificates for the U.S. Shares and the Blue Sky Survey, (c) the delivery of the certificates for the U.S. Shares to the U.S. Underwriters, (d) the fees and disbursements of the Company's counsel and accountants, (e) the costs and expenses in connection with the sale of the U.S. Shares by the Selling Shareholders as are agreed upon by the Company and the Selling Shareholders (but in no event shall the U.S. Underwriters pay any costs and expenses of the Selling Shareholders), (f) the qualification of the Offered Shares under the applicable securities laws in accordance with Section 3(f) and any filing for review of the offering with the National Association of Securities Dealers, Inc., including filing fees and reasonable fees and disbursements of Davis Polk & Wardwell as counsel for the U.S. Underwriters, in connection with such

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qualification of the Offered Shares and the Blue Sky Survey and (g) the listing fees and expenses incurred in connection with listing the Shares on the New York Stock Exchange.

If this Agreement is terminated by you in accordance with the provisions of Section 5, 10(a)(i) or 12, or by the Company in accordance with the provisions of Section 2(h), the Company shall reimburse the U.S. Underwriters for all their reasonable out-of-pocket expenses, including the reasonable fees and disbursements of Davis Polk & Wardwell as counsel for the U.S. Underwriters.

Section 5. Conditions of U.S. Underwriters' Obligations. In addition to the execution and delivery of the U.S Price Determination Agreement, the obligations of the several U.S. Underwriters to purchase and pay for the U.S. Shares that they have respectively agreed to purchase hereunder are subject to the accuracy of the representations and warranties of the Company contained herein (including those contained in the U.S. Price Determination Agreement)

or in certificates of the Company's officers delivered pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder, and to the following further conditions:

(a) The Registration Statement shall have become effective not later than 5:30 P.M. on the date of this Agreement or, with your consent, at a later time and date not later, however, than 5:30 P.M. on the first business day following the date hereof, or at such later time or on such later date as you may agree to in writing with the approval of a majority in interest of the several U.S. Underwriters; and at the Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or the knowledge of the Company, shall have been threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of Davis Polk & Wardwell as counsel for the U.S. Underwriters. If the Company has elected to rely upon Rule 430A, Prospectuses containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A).

(b) At the Closing Time, you shall have received a signed opinion of Dewey Ballantine, counsel for the Company, dated as of the Closing Time, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel for the U.S. Underwriters, to the effect that:

(i) This Agreement has been duly authorized, executed and delivered by the Company.

(ii) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses.

(iii) The Offered Shares sold by the Company pursuant to this Agreement and the International Purchase Agreement have been duly authorized and, when issued and delivered by the Company upon receipt of the payment therefor in accordance with this Agreement and the International Purchase Agreement, will be validly issued, fully paid and non-assessable. Such Offered Shares are not subject to the preemptive or other

similar rights of any stockholder of the Company arising by operation of law, under the charter or bylaws of the Company or under any agreement known to such counsel to which the Company is a party.

(iv) The Offered Shares conform in all material respects to the description thereof contained in the Prospectuses.

(v) To the knowledge of such counsel, no authorization, approval, consent

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or license of any government, governmental instrumentality or court (other than under the 1933 Act and the 1933 Act Regulations, the Trust Indenture Act and the securities or blue sky laws of the various states and the securities laws of any jurisdiction in which the International Shares are offered or sold by the International Underwriters pursuant to the International Purchase Agreement), is required for the valid issuance, sale and delivery of the Offered Shares by the Company (whether to you or the Selling Shareholders upon exercise of their warrants).

(vi) Such counsel has been informed by the Commission that the Registration Statement is effective under the 1933 Act; any required filing of the Prospectuses or any supplement thereto pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or have been threatened by the Commission under the 1933 Act.

(vii) The Registration Statement (including the Rule 430A Information, if applicable), the Prospectuses and each amendment or supplement to the Registration Statement and Prospectuses, as of their respective effective or issue dates (in each case, except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), comply as to form in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations.

(viii) The Company is not an investment company under the Investment Company Act of 1940.

(ix) The transactions contemplated in the Prospectuses under the heading "The Acquisition and the Financing Plan", to the extent described therein, have been duly authorized by the Company; to the knowledge of such counsel, all of the necessary consents to consummate such transactions have been obtained (other than the consent of EPIC and its Subsidiaries with respect to the Debt Redemption and other than as disclosed in the Registration Statement), except where the failure to obtain such consents would not have a material adverse effect on the consummation of the Acquisition and the Financing Plan; to the knowledge of such counsel, there has not been any violation on the part of the Company of any of the terms of such consents which violation would materially and adversely affect the consummation of the Acquisition and the Financing Plan; and to the knowledge of such counsel, except as disclosed in the Registration Statement there is no pending or, threatened legal or governmental proceedings with respect to any of the consents or the transactions described in the Prospectuses under the caption "The Acquisition and the Financing Plan" that, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the consummation of the Acquisition and the Financing Plan.

In addition, such opinion shall state that such counsel has participated in the preparation of the Registration Statement and Prospectuses and in conferences with officers and other representatives of the Company, and your representatives and your counsel at which the contents of the Registration Statement, the Prospectuses and related matters were discussed and, although such counsel need not undertake to determine independently nor pass upon or assume any responsibility, explicitly or implicitly, for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectuses on the basis of and subject to the foregoing, no facts have come to the attention of such counsel to lead such counsel to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," as to which such counsel need express no opinion), as of the date the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material

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fact required to be stated therein or necessary to make the statements therein not misleading or (B) that the Prospectuses or any amendment or supplement thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," as to which such counsel need express no opinion), at the time the Prospectuses were issued, at the time any such amended or supplemented prospectuses were issued or at the Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Company's Subsidiaries and certificates of public officials.

(c) At the Closing Time, you shall have received a signed opinion of Philip D. Wheeler, General Counsel for the Company, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other U.S. Underwriters, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the U.S. Underwriters, to the effect that:

(i) The Company is duly qualified to transact business as a foreign corporation and is in good standing in each jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(ii) Each of the Company's Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses, or except to the extent that the failure to be in good standing would not have a material adverse effect on the Company

and the Company's Subsidiaries, considered as one enterprise.

(iii) Each of the Company's Subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(iv) The Offered Shares sold by the Company pursuant to this Agreement and the International Purchase Agreement have been duly authorized and, when issued and delivered by the Company upon receipt of the payment therefor in accordance with this Agreement and the International Purchase Agreement, will be validly issued, fully paid and non-assessable. Such Offered Shares are not subject to the preemptive or other similar rights of any stockholder of the Company arising by operation of law, under the charter or bylaws of the Company or under any agreement known to such counsel to which the Company or any of the Company's Subsidiaries is a party. The Offered Shares to be sold by each Selling Shareholder have been duly authorized and are validly issued, fully paid and non-assessable.

(v) All of the outstanding shares of capital stock of the Company other than the Offered Shares have been duly authorized and validly issued and are fully paid and non-assessable; and none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any stockholder of the Company arising by operation of law, under the charter or bylaws of the Company or under any agreements known to such counsel to which the Company or any of the Company's Subsidiaries is a party.

(vi) Based solely on an examination of relevant minute books and stock records, except as disclosed in the Prospectuses, all of the outstanding shares of capital stock of each of the Company's Subsidiaries have been

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duly authorized and validly issued and are fully paid and non-assessable.

(vii) Such counsel does not know of any statutes or regulations, or any pending or threatened legal or governmental proceedings, required to be described in

the Prospectuses that are not described as required, nor of any contracts or documents of a character required to be described in the Registration Statement or the Prospectuses or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(viii) The statements made in the Prospectuses under "Reimbursement and Regulation", to the extent that they constitute matters of law or legal conclusions, have been reviewed by such counsel and fairly present the information disclosed therein in all material respects.

(ix) The execution and delivery of this Agreement by the Company, the issuance and delivery of the Offered Shares by the Company (whether to you or the Selling Shareholders upon exercise of their warrants), the consummation by the Company of the Acquisition, the Subordinated Debt Offering, the Tender Offers, the Debt Redemption, the 1994 Credit Agreement and the transactions described in the ESOP Agreement and compliance by the Company with the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company or any of the Company's Subsidiaries, and, to the knowledge of such counsel, do not and will not conflict with, or constitute a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any property or assets of the Company or any of the Company's Subsidiaries under (A) any indenture, mortgage or loan agreement or any other agreement or instrument to which the Company or any of the Company's Subsidiaries is a party or by which it may be bound or to which any of their respective properties may be subject, (B) any existing applicable law, rule or regulation (other than the securities or blue sky laws of the various states and the securities laws of any jurisdiction in which the International Shares are offered or sold by the International Underwriters pursuant to the International Purchase Agreement, as to which such counsel need express no opinion), or (C) any judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over the Company or any of the Company's Subsidiaries or any of their respective properties, in each case, except as disclosed in the Prospectuses, and except for such conflicts, breaches or defaults or liens or encumbrances that would not have a material adverse

effect on the Company and the Company's Subsidiaries, considered as one enterprise. Such counsel need express no opinion, however, as to whether the execution, delivery and performance by the Company of this Agreement or the consummation by the Company of the Acquisition, the Subordinated Debt Offering, the Tender Offers, the Debt Redemption, the 1994 Credit Agreement and the transactions described in the ESOP Agreement will constitute a violation of, or default under, any financial covenant or financial ratios contained in any of the agreements referred to in the preceding sentence.

In addition, such opinion shall state that such counsel has participated in the preparation of the Registration Statement and Prospectuses and in conferences with officers and other representatives of the Company, and your representatives and your counsel at which the contents of the Registration Statement, the Prospectuses and related matters were discussed and, although such counsel need not undertake to determine independently nor pass upon or assume any responsibility, explicitly or implicitly, for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectuses, on the basis of and subject to the foregoing, no facts have come to the attention of such counsel to lead such counsel to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and

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Results of Operations," as to which such counsel need express no opinion), as of the date the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) that the Prospectus or any amendment or supplement thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," as to which such counsel need express no opinion), at the time the Prospectuses were issued, at the time any such amended or supplemented prospectuses were issued or at the Closing Time, contained or contains an untrue statement of a

material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Company's Subsidiaries and certificates of public officials.

(d) At the Closing Time, you shall have received a signed opinion of Stanley F. Baldwin, Esq., general counsel for EPIC, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other U.S. Underwriters, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the U.S. Underwriters, substantially to the effect set forth in Section 7.02(g) of the Merger Agreement. The parties hereto acknowledge and agree that no personal liability to Stanley F. Baldwin shall attach to the rendering of such opinion.

Such counsel may state that, insofar as such opinion involves factual matters, he has relied, to the extent he deems proper, upon certificates of officers of EPIC and EPIC's Subsidiaries and certificates of public officials.

(e) At the Closing Time, you shall have received a signed opinion of Johnson & Gibbs, P.C. (or its successor), counsel for EPIC, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other U.S. Underwriters, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the U.S. Underwriters, substantially in the form and to the effect set forth in Section 7.02(f) of the Merger Agreement and to the effect that:

such firm has represented EPIC in connection with the transactions contemplated by the Merger Agreement and, although such firm has not verified, is not passing upon and does not assume any responsibility for, the accuracy, completeness or fairness of any statements contained in the Registration Statement or the Prospectus, on the basis of the knowledge of such firm in connection with such representation (relying as to materiality to a large extent upon the opinions of officers and other representatives of EPIC, without independent check or verification), no fact has come to their attention that has led them to believe that the section of the Prospectuses under the heading "EPIC

Management's Discussion and Analysis of Financial Condition and Results of Operations" contained an untrue statement of a material fact or omitted to state a material fact required to be stated in such section or necessary to make the statements in such section, in light of the circumstances under which they were made, not misleading. In making the foregoing statements in this paragraph, such firm expresses no opinion, belief or comment with respect to any financial data or information included or incorporated by reference in the aforementioned section of the Prospectuses. Such firm may advise you that it has not participated in any respect in connection with the preparation of such Prospectuses, the Registration Statements with respect thereto or the Forms 10-K or 10-Q of EPIC from which the information contained in the sections referred to above has been derived.

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(f) At the Closing Time, you shall have received a signed opinion of each of the counsels for each of the Selling Shareholders, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other U.S. Underwriters, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the U.S. Underwriters, to the effect that:

(i) This Agreement and the International Purchase Agreement have been duly authorized, executed and delivered by or on behalf of such Selling Shareholder.

(ii) The execution and delivery by the Selling Shareholder of, and the performance by the Selling Shareholder of its obligations under, this Agreement, the Custody Agreement and Power of Attorney signed by the Selling Shareholder and First Union National Bank of North Carolina as Custodian, and the attorneys-in-fact named therein relating to the deposit of the Shares to be sold by the Selling Shareholders and the appointment of certain individuals as the Selling Shareholders' attorneys-in-fact to the extent set forth therein (the "Custody Agreement"), will not contravene any provision of applicable law, or the certificate of incorporation or by-laws of such Selling Shareholder (if such Selling Shareholder is a corporation), or any agreement or other instrument binding upon such Selling Shareholder or any judgment, order or decree of any governmental body, agency or court having jurisdiction over such Selling Shareholder, and no consent, approval, authorization or order of or qualification with any governmental body or agency is required for the performance by such Selling Shareholder of its

obligations under this Agreement or the Custody Agreement and Power of Attorney of such Selling Shareholder, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(iii) Such Selling Shareholder has valid marketable title to the Shares to be sold by such Selling Shareholder and the legal right and power, and all authorization and approval required by law, to enter into this Agreement, the Custody Agreement and the Power of Attorney and to sell, transfer and deliver the Shares to be sold by such Selling Shareholder.

(iv) The Custody Agreement and the Power of Attorney has been duly authorized, executed and delivered by such Selling Shareholder and are valid and binding agreements of such Selling Shareholder.

(v) Delivery of the Shares to be sold by such Selling Shareholder pursuant to this Agreement will pass marketable title to such Shares free and clear of any security interests, claims, liens, equities and other encumbrances.

(vi) The Selling Shareholder is not an investment company under the Investment Company Act of 1940.

(g) At the Closing Time, you shall have received signed opinions of Dewey Ballantine and Johnson & Gibbs, P.C. (or its successor), dated as of the Closing Time, together with reproduced copies of such opinions for each of the other U.S. Underwriters, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the U.S. Underwriters, to the effect that neither of (i) the discharge of that portion of the principal amount of EPIC's loans to the EPIC ESOP Trust that exceeds the fair market value of the shares of the EPIC Common Stock transferred by the EPIC Trustee to EPIC, or (ii) the transfer by the EPIC Trustee to EPIC of shares of EPIC Common Stock unallocated under the EPIC ESOP in satisfaction of EPIC's loans to the ESOP Trust, each as contemplated by the Registration Statement, should constitute a violation of or result in any liability under ERISA or the Code.

Each such counsel may (i) assume for purposes of such opinion, based on the understanding of such counsel that the Trustee has retained and received the advice of independent counsel and financial advisors, that the Trustee has complied with the applicable fiduciary requirements of ERISA and the Code and that the ESOP has received no less

than adequate consideration for such shares of EPIC Common Stock, and (ii)

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state that, insofar as such opinion involves factual matters, it has relied, to the extent they deem proper, upon certificates of officers of EPIC and its Subsidiaries and certificates of public officials.

(h) At the Closing Time, you shall have received the favorable opinion of Davis Polk & Wardwell as counsel for the U.S. Underwriters, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other U.S. Underwriters, to the effect that the opinions delivered pursuant to Sections 5(b), (c), (d) and (e) appear on their face to be appropriately responsive to the requirements of this Agreement except, specifying the same, to the extent waived by you, and with respect to the incorporation and legal existence of the Company, the Offered Shares, this Agreement, the Registration Statement, the transactions contemplated under the captions "The Acquisition and Financing Plan" in the Registration Statement, the Prospectuses and such other related matters as you may require. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the corporate law of the State of Delaware, upon the opinions of counsel satisfactory to you. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company, the Company's Subsidiaries, EPIC and EPIC's Subsidiaries and certificates of public officials.

(i) At the Closing Time, (i) the Registration Statement and the Prospectuses, as they may then be amended or supplemented, shall conform in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations, the Company shall have complied in all material respects with Rule 430A (if it shall have elected to rely thereon), the Registration Statement, as it may then be amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements in the Registration Statement not misleading, and the Prospectuses, as they may then be amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements in the Prospectuses, in light of the circumstances under which they were made, not misleading, (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement and the Prospectuses, any

material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or of EPIC and EPIC's Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, (iii) no action, suit or proceeding at law or in equity shall be pending or, to the knowledge of the Company, threatened against the Company, any of the Company's Subsidiaries, EPIC or any of EPIC's Subsidiaries that would be required to be set forth in the Prospectuses other than as set forth therein and no proceedings shall be pending or, to the knowledge of the Company, threatened against the Company, any of the Company's Subsidiaries, EPIC or any of EPIC's Subsidiaries before or by any federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding could reasonably be expected to materially adversely affect the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or of EPIC and EPIC's Subsidiaries, considered as one enterprise, other than as set forth in the Prospectuses, (iv) the Company shall have complied in all material respects with all agreements and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (v) the other representations and warranties of the Company set forth in Section 1(a) shall be accurate as though expressly made at and as of the Closing Time. At the Closing Time, you shall have received a certificate of the President or a Vice President and the Treasurer or the Controller of the Company, dated as of the Closing Time, to such effect, but in the case of clauses (ii) and (iii) above, only with respect to the Company and the Company's Subsidiaries.

(j) At the Closing Time, you shall have received a certificate of the chief executive officer or chief financial officer of EPIC, dated as of the Closing Time, to the effect set forth in Section 7.02(a) of the Merger Agreement.

(k) With respect to the purchase of Offered Shares from any Selling Shareholder, such Selling Shareholder shall have complied in all material respects with all agreements and satisfied in all material respects

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all conditions on its part to be performed or satisfied at or prior to the Closing Time.

(l) On the date of this Agreement and at the Closing Time, Ernst & Young, independent public accountants

with respect to the Company, shall have furnished to you letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectuses.

(m) On the date of this Agreement and at the Closing Time, Ernst & Young, independent public accountants with respect to EPIC, shall have furnished to you letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements of EPIC and certain financial information contained or incorporated by reference in the Registration Statement and the Prospectuses.

(n) At the Closing Time, counsel for the U.S. Underwriters shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the Offered Shares as contemplated in this Agreement and the matters referred to in Section 5(e) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company at or prior to the Closing Time in connection with the authorization, issuance and sale of the Offered Shares by the Company (whether to you or the Selling Shareholders upon exercise of their warrants) as contemplated in this Agreement shall be reasonably satisfactory in form and substance to you and to Davis Polk & Wardwell as counsel for the U.S. Underwriters.

(o) At the Closing Time, the Company shall have consummated the Acquisition and, after giving effect to the Acquisition, is not in default under the 1992 Credit Agreement or any amendment thereto. The Company shall have provided to you and Davis Polk & Wardwell as counsel for the U.S. Underwriters copies of all documents with respect to the consummation of the Acquisition as you or Davis Polk & Wardwell may reasonably request.

(p) With respect to the purchase of Shares from a Selling Shareholder who is not a U.S. Person, you shall have received on the Closing Date, a certificate of such Selling Shareholder who is not a U.S. Person to the effect that such Selling

Shareholder is not a U.S. Person (as defined under applicable U.S. federal tax legislation), which certificate may be in the form of a properly completed and executed United States Treasury Department Form W-8 (or other applicable form or statement specified by Treasury Department regulations in lieu thereof).

(q) The International Shares to be delivered on the Closing Date pursuant to the International Purchase Agreement shall be sold simultaneously with the U.S. Shares sold hereunder.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement to be fulfilled, this Agreement may be terminated by you upon notice to the Company at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 herein, provided, however, that failure of any Selling Shareholder to fulfill any of the conditions specified in this Section 5 shall not itself relieve the several Underwriters of their obligations to purchase and pay for the Offered Shares to be sold by the Company hereunder. Notwithstanding any such termination, the provisions of Sections 7 and 8 herein shall remain in effect.

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Section 6. Conditions to Purchase of U.S. Option Shares. In the event that the U.S. Underwriters exercise their option granted in Section 2 to purchase all or any of the U.S. Option Shares and the Date of Delivery determined by you pursuant to Section 2 is later than the Closing Time, the obligations of the several U.S. Underwriters to purchase and pay for the U.S. Option Shares that they shall have respectively agreed to purchase pursuant to this Agreement are subject to the accuracy of the representations and warranties of the Company herein contained, to the performance by the Company of its obligations hereunder and to the following further conditions:

(a) The Registration Statement shall remain effective at the Date of Delivery, and at the Date of Delivery no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall have been threatened by the Commission, and any request on the part of the Commission for additional information shall have been

complied with to the reasonable satisfaction of Davis Polk & Wardwell as counsel for the U.S. Underwriters.

(b) At the Date of Delivery, the provisions of Section 5(i) shall have been complied with at and as of the Date of Delivery and, at the Date of Delivery, you shall have received (i) a certificate of the President or a Vice President and the Treasurer or the Controller of the Company in accordance with the provisions of Section 5(i), dated as of the Date of Delivery, to such effect and (ii) a Certificate of the chief executive officer or chief financial officer of EPIC in accordance with the provisions of Section 5(j), dated as of the Date of Delivery, to such effect.

(c) At the Date of Delivery, you shall have received the favorable opinions of Dewey Ballantine, counsel for the Company, Philip D. Wheeler, general counsel for the Company, Stanley F. Baldwin, Esq., general counsel for EPIC, Johnson & Gibbs, P.C. (or its successor), counsel for EPIC, or such other counsel reasonably satisfactory to Davis Polk & Wardwell as counsel for the U.S. Underwriters together with reproduced copies of such opinions for each of the other U.S. Underwriters in form and substance satisfactory to Davis Polk & Wardwell as counsel for the U.S. Underwriters, dated as of the Date of Delivery, relating to the U.S. Option Shares and otherwise to the same effect as the opinions required by Sections 5(b), (c), (d) and (e).

(d) At the Date of Delivery, you shall have received the favorable opinion of Davis Polk & Wardwell, counsel for the U.S. Underwriters, dated as of the Date of Delivery, relating to the U.S. Option Shares and otherwise to the same effect as the opinion required by Section 5(h).

(e) At the Date of Delivery, you shall have received a letter from Ernst & Young, in form and substance satisfactory to you and dated as of the Date of Delivery, to the effect that they reaffirm the statements made in the letter furnished pursuant to Section 5(m), except that the specified date referred to shall be a date not more than five days prior to the Date of Delivery.

(f) At the Date of Delivery, Davis Polk & Wardwell as counsel for the U.S. Underwriters shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the U.S. Option Shares as contemplated in this Agreement and the matters referred to in Section 6(d) and in order to evidence the accuracy and completeness of any of the representations,

warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company at or prior to the Date of Delivery in connection with the authorization, issuance and sale of the U.S. Option Shares as contemplated in this Agreement shall be reasonably satisfactory in form and substance to you and to Davis Polk & Wardwell as counsel for the U.S. Underwriters.

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(g) At the Date of Delivery, the Company shall have consummated the Acquisition and, after giving effect to the Acquisition, is not in default under the 1992 Credit Agreement or any amendment thereto. The Company shall have provided to you and Davis Polk & Wardwell as counsel for the U.S. Underwriters copies of all documents with respect to the consummation of the Acquisition as you or Davis Polk & Wardwell may reasonably request.

Section 7. Indemnification. (a) The Company agrees, and the Selling Shareholders severally agree, to indemnify and hold harmless each U.S. Underwriter and each person, if any, who controls any U.S. Underwriter within the meaning of Section 15 of the 1933 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of an untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including, subject to the last sentence of Section 7(c), fees and disbursements of counsel chosen by you to represent the U.S. Underwriters), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that with respect to the indemnity provided by any Selling Shareholder, the indemnity shall only apply to information relating to such Selling Shareholder furnished or confirmed in writing by such Selling Shareholder for use in the Registration Statement (or any amendments thereto); and provided, further, that this indemnity does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished or confirmed in writing to the Company by or on behalf of any Underwriter through you or the International Representatives expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto); and provided further that the foregoing indemnification with respect to any untrue statement contained in or any omission from a preliminary prospectus shall not inure to the benefit of any U.S. Underwriter (or any person controlling such U.S. Underwriter) from whom the person asserting any such losses, claims, damages, liabilities, or expenses purchased any of the Offered Shares if a copy of the Prospectus (or the Prospectus as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such U.S. Underwriter to such person, if such is required by law, at or prior to the written confirmation of the sale of such Offered Shares to such person and the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage, liability or expense and provided further that in no event shall any Selling Shareholder be liable by reason of this Section 7 in an aggregate amount in excess of the gross proceeds to such Selling Shareholder from the sale of Offered Shares by such Selling Shareholder pursuant to this Agreement.

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(b) Each U.S. Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, the Selling Shareholders and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 7(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto) in reliance upon and in conformity with information furnished or confirmed in writing to the Company by or on behalf of such U.S. Underwriter through you expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or such preliminary prospectus or the Prospectuses (or any amendment or supplement thereto).

(c) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

Section 8. Contribution. In order to provide for just and equitable contribution in circumstances under which the indemnity provided for in Section 7 is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company, the Selling Shareholders and the U.S. Underwriters shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity incurred by the Company, one or more of the Selling Shareholders and one or more of the U.S. Underwriters, as incurred, in such proportions that (a) the U.S. Underwriters are responsible for that portion represented by the percentage that the underwriting discount appearing on the cover page of the Prospectuses bears to the initial public offering price appearing thereon and (b) the Company and the Selling Shareholders are responsible for the balance

(with the Company and each of the Selling Shareholders responsible in proportion to the net proceeds from the Offerings (as defined in the Registration Statement) (before deducting expenses) received by each of the Company and such Selling Shareholder); provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls a U.S. Underwriter within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as such U.S. Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Company.

Section 9. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, indemnities, agreements and other statements of the Company, the Selling Shareholders and the U.S. Underwriters or their respective officers set forth in or made pursuant to this Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the Company, any of the Selling Shareholders or any U.S. Underwriter or controlling person and will survive delivery of and payment for the Offered Shares.

Section 10. Termination of Agreement. (a) You may terminate this Agreement, by notice to the Sellers, at any time at or prior to the Closing Time (i) if there has been, since the respective dates as of which information is given in the Registration Statement, any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or of

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EPIC and EPIC's Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or any outbreak of hostilities or escalation of existing hostilities or other calamity or crisis the effect of which is such as to make it, in your reasonable judgment, impracticable to market the U.S. Shares or enforce contracts for the sale of the U.S. Shares, or (iii) if trading in any securities of the Company has been suspended by the Commission, or if trading generally on the New York Stock Exchange or in the over-the-counter market has been suspended, or minimum or

maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by such exchange or by order of the Commission or any other governmental authority, or (iv) if a banking moratorium has been declared by either federal or New York authorities.

(b) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party, except to the extent provided in Section 4. Notwithstanding any such termination, the provisions of Sections 7 and 8 shall remain in effect.

(c) This Agreement may also terminate pursuant to the provisions of Section 2(c), with the effect stated in such Section.

Section 11. Default by One or More of the U.S. Underwriters. If one or more of the U.S. Underwriters shall fail at the Closing Time to purchase the Initial U.S. Shares that it or they are obligated to purchase pursuant to this Agreement (the "Defaulted U.S. Shares"), you shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting U.S. Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted U.S. Shares in such amounts as may be agreed upon and upon the terms set forth in this Agreement; if, however, you have not completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted U.S. Shares does not exceed 10% of the total number of Initial U.S. Shares, the non-defaulting U.S. Underwriters shall be obligated to purchase the full amount thereof in the proportions that their respective Initial U.S. Share underwriting obligation proportions bear to the underwriting obligation proportions of all non-defaulting U.S. Underwriters, or

(b) if the number of Defaulted U.S. Shares exceeds 10% of the total number of Initial U.S. Shares, this Agreement shall terminate without liability on the part of any non-defaulting U.S. Underwriter.

No action taken pursuant to this Section shall relieve any defaulting U.S. Underwriter from liability in respect of its default.

In the event of any such default that does not result in a termination of this Agreement, either you or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any

required changes in the Registration Statement or Prospectuses or in any other documents or arrangements. As used herein, the term "U.S. Underwriter" includes any person substituted for a U.S. Underwriter under this Section 11.

Section 12. Agreements of the Selling Shareholders. The Selling Shareholders severally agree with you and the Company:

(a) To pay or to cause to be paid all transfer taxes with respect to the Shares to be sold by the Selling Shareholders; and

(b) To take all reasonable actions in cooperation with the Company and the Underwriters to cause the Registration Statement to become effective at the earliest possible time, to do and perform all things to be done and performed under this Agreement prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Shares pursuant to this Agreement.

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Section 13. Default by the Company. If the Company shall fail at the Closing Time to sell and deliver the number of Offered Shares that it is obligated to sell, then this Agreement shall terminate without any liability on the part of any non-defaulting party except to the extent provided in Section 4 and except that the provisions of Sections 7 and 8 shall remain in effect.

No action taken pursuant to this Section shall relieve the Company from liability, if any, in respect of such default.

Section 14. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered, mailed or transmitted by any standard form of telecommunication (notices transmitted by telecopier to be promptly confirmed in writing). Notices to you or the U.S. Underwriters shall be directed to you c/o Merrill Lynch, Pierce, Fenner & Smith Incorporated at Merrill Lynch World Headquarters, North Tower, World Financial Center, New York, New York 10281, attention of Raymond L.M. Wong; and notices to the Company shall be directed to it at 4525 Harding Road, Nashville, Tennessee 37205 (telecopier no.: (615) 298-6377), attention of Philip D. Wheeler, Esq.

Section 15. Parties. This Agreement is made solely for the benefit of the several U.S. Underwriters and the Company and, to the extent expressed, any person controlling the Company or any of the U.S. Underwriters, and

the directors of the Company, its officers who have signed the Registration Statement, and their respective executors, administrators, successors and assigns and, subject to the provisions of Section 11, no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser, from any of the several U.S. Underwriters of the U.S. Shares. All of the obligations of the U.S. Underwriters hereunder are several and not joint.

Section 16. Representation of U.S. Underwriters. You will act for the several U.S. Underwriters in connection with this offering, and any action under or in respect of this Agreement taken by you as U.S. Representatives will be binding upon all the U.S. Underwriters.

Section 17. Governing Law and Time. This Agreement shall be governed by the laws of the State of New York. Specified times of the day refer to New York City time.

Section 18. Counterparts. This Agreement may be executed in one or more counterparts and, when a counterpart has been executed by each party, all such counterparts taken together shall constitute one and the same agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement among the Company and the several U.S. Underwriters in accordance with its terms.

Very truly yours,

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

By______________________________
Name:
Title:

EACH OF THE SELLING SHAREHOLDERS NAMED IN SCHEDULE B HERETO

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By______________________________
Name:
Title: Attorney-in-Fact

Confirmed and accepted as of
the date first above written:

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

By: MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

By_________________________
Name:
Title:

For themselves and as U.S. Representatives of the
other U.S. Underwriters named in Schedule A.

Exhibit A

HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(a Delaware corporation)

4,976,323 Shares

of Common Stock

U.S. PRICE DETERMINATION AGREEMENT

April 28, 1994

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
As Representatives of the several Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Merrill Lynch World Headquarters
North Tower
World Financial Center
New York, New York 10281-1201

Dear Sirs:

Reference is made to the U.S. Purchase Agreement dated April 28, 1994 (the "U.S. Purchase Agreement") among Healthtrust, Inc. - The Hospital Company, a Delaware corporation (the "Company"), the Selling Shareholders named in Schedule B thereto and the several U.S. Underwriters named in Schedule A thereto or hereto (the "U.S. Underwriters"), for whom Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Donaldson, Lufkin & Jenrette Securities Corporation are acting as representatives (the "U.S. Representatives"). The U.S. Purchase Agreement provides for the purchase by the U.S. Underwriters from the Company and the Selling Shareholders, subject to the terms and conditions set forth therein, of an aggregate of 4,976,323 shares (the "Initial U.S. Shares") of the Company's common stock, par value $.001 per share. This Agreement is the U.S. Price Determination Agreement referred to in the U.S. Purchase Agreement.

Pursuant to Section 2 of the U.S. Purchase Agreement, the undersigned agree with the U.S. Representatives as follows:

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1. The initial public offering price per share for the Initial U.S. Shares shall be $28.25.

2. The purchase price per share for the Initial U.S. Shares to be paid by the several U.S. Underwriters shall be $27.12, representing an amount equal to the initial public offering price set forth above, less $1.13 per share.

The Company represents and warrants to each of the U.S. Underwriters that the representations and warranties of the Company set forth in Section 1(a) of the U.S. Purchase Agreement are accurate as though expressly made at and as of the date hereof.

The Selling Shareholders represent and warrant to each of the U.S. Underwriters that the representation and warranties of the Selling Shareholders set forth in Section 1(d) of the U.S. Purchase Agreement are accurate as though expressly made at and as of the date hereof.

As contemplated by Section 2 of the U.S. Purchase Agreement, attached as Schedule A is a completed list of the several U.S. Underwriters, which shall be a part of this Agreement and the U.S. Purchase Agreement.

This Agreement shall be governed by the laws of the State of New York.

If the foregoing is in accordance with the understanding of the U.S. Representatives of the agreement between the U.S. Underwriters and the Company, please sign and return to the Company a counterpart hereof, whereupon this instrument along with all counterparts and together with the U.S. Purchase Agreement shall be a binding agreement among the U.S. Underwriters and the Company in accordance with its terms and the terms of the U.S. Purchase Agreement.

Very truly yours,

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

By______________________________
Name:
Title:

EACH OF THE SELLING SHAREHOLDERS NAMED IN SCHEDULE B TO THE U.S. PURCHASE AGREEMENT

By______________________________
Name:
Title: Attorney-in-Fact

Confirmed and accepted as of the date first above written:

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

By: MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated

By_________________________
Name:
Title:

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For themselves and as U.S. Representatives of the
other U.S. Underwriters named in Schedule A
attached to the U.S. Purchase Agreement.

SCHEDULE A

Underwriter	Number of Initial U.S. Shares to be Purchased
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,688,162
Donaldson, Lufkin & Jenrette Securities Corporation	1,688,161
CS First Boston Corporation	200,000
Salomon Brothers Inc	200,000
Bear, Stearns & Co. Inc.	200,000
Dillon, Read & Co. Inc.	200,000
J.P. Morgan Securities Inc.	200,000
J.C. Bradford & Co.	100,000
Equitable Securities Corporation	100,000
Johnson Rice & Company	100,000
Kemper Securities, Inc.	100,000
C.J. Lawrence/Deutsche Bank Securities Corporation	100,000
ScotiaMcLeod (USA) Inc.	100,000
Total	4,976,323

SCHEDULE B

SELLING SHAREHOLDER	SHARES OF COMMON STOCK TO BE SOLD TO THE U.S. UNDERWRITERS	SHARES OF COMMON STOCK TO BE SOLD TO THE INTERNATIONAL MANAGERS
Base Assets Trust	516,764	129,191
Commonwealth Life Insurance	77,600	19,400
Guaranty Reassurance Corporation	37,720	9,430
American Financial Corporation	22,632	5,658
Flexi-Van Leasing, Inc.	22,632	5,658
Donaldson, Lufkin & Jenrette Securities Corporation	16,700	4,175
Western Financial Savings Bank	15,088	3,772
Berkeley Atlantic Income Limited	11,316	2,829
Comdisco, Inc.	11,316	2,829
Lexington Precision Corporation	11,316	2,829

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Thomas Spiegel	11,316	2,829
EQJ Partnership	8,290	2,072
Equitable Life Assurance Society	6,400	1,600
Wolfson Equities.	6,000	1,500
American Capital High Yield Investments Inc.	4,795	1,199
John Chulick & Kathi Chulick	4,602	1,150
Berkeley Technology Investments Limited	4,526	1,132
General American Life Insurance Co.	3,772	943
National Western Life Insurance Co.	3,018	754
Universal Medical Buildings L.P.	3,000	750
South Ferry #2 L.P.	2,400	600
Christian Brothers Institute	2,263	566
Stephen Swid	2,263	566
The Westwood Group, Inc.	2,263	566
Worldwide Special Portfolio N.V.	2,263	566
American Capital Income Trust	2,129	532
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,509	377
Warren F. Langford Trust	1,056	264
Citizens Trust Company	754	189
American Capital Life Investment Trust	620	155
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Total	816,323	204,081

</TABLE>

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EXHIBIT 1.2

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HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(A DELAWARE CORPORATION)

1,244,081 SHARES OF COMMON STOCK

INTERNATIONAL PURCHASE AGREEMENT

DATED: APRIL 28, 1994

==

HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(A DELAWARE CORPORATION)

1,244,081 SHARES OF COMMON STOCK

INTERNATIONAL PURCHASE AGREEMENT

April 28, 1994

MERRILL LYNCH INTERNATIONAL LIMITED
DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
As Representatives of
the several Managers
c/o Merrill Lynch International Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY
England

Ladies and Gentlemen:

Healthtrust, Inc. - The Hospital Company, a Delaware corporation (the "Company"), proposes to issue and sell to the managers named in Schedule A hereto (collectively, the "Managers"), for whom you are acting as Co-Lead Managers (the "Co-Lead Managers"), an aggregate of 1,040,000 authorized but unissued shares of the Company's Common Stock, par value $.001 per share (shares of which class of stock of the Company are hereinafter referred to as "Common Stock") and certain shareholders of the Company (the "Selling Shareholders") named in Schedule I hereto severally propose to sell to the several Managers, an aggregate of 204,081 shares of Common Stock. Such shares of Common Stock are to be sold to each Manager, acting severally and not jointly, in such amounts as are set forth in Schedule A opposite the name of such Manager. The Company also grants to the Managers, severally and not jointly, the option described in Section 2 to purchase all or any part of

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156,000 additional shares of Common Stock to cover over-allotments. The aforesaid 1,244,081 shares of Common Stock (the "Initial International Shares"), together with all or any part of the 156,000 additional shares of Common Stock subject to the option described in Section 2 (the "International Option Shares"), are collectively herein called the "International Shares". The International Shares are more fully described in the International Prospectus referred to below. The Company and the Selling Shareholders are hereinafter sometimes collectively referred to as the Sellers.

It is understood that the Company and the Selling Shareholders are concurrently entering into an agreement, dated the date hereof (the "U.S. Purchase Agreement"), providing for issuance and sale by the Company of 4,160,000 shares of Common Stock and the sale by the Selling Shareholders of 816,323 shares of Common Stock (together, the "Initial U.S. Shares") through arrangements with certain underwriters in the United States and Canada (the "U.S. Underwriters"), for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated and Donaldson, Lufkin & Jenrette Securities Corporation are acting as representatives (the "U.S. Representatives"), and the grant by the Company to the U.S. Representatives of an option to purchase all or any part of 624,000 additional shares of Common Stock (the "U.S. Option Shares") to cover over-allotments. The Initial U.S. Shares and the U.S. Option Shares are hereinafter collectively referred to as the "U.S. Shares". The U.S. Shares and the International Shares are hereinafter collectively referred to as the "Offered Shares".

The Sellers understand that the Managers will simultaneously enter into an agreement with the U.S. Underwriters dated the date hereof (the "Intersyndicate Agreement") providing for the coordination of certain transactions among the Managers and the U.S. Underwriters, under the direction of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

You have advised us that you and the other Managers, acting severally and not jointly, desire to purchase the International Shares and, if the Managers so elect, the International Option Shares, and that you have been authorized by the other Managers to execute this Agreement and the International Price Determination Agreement referred to below on their behalf.

The initial public offering price per share for the International Shares and the purchase price per share for the International Shares to be paid by the several Managers shall be agreed upon by the Company, the Selling Shareholders and the Co-Lead Managers, acting on behalf of the several Managers, and such agreement shall be set forth in a separate written instrument substantially in the form of Exhibit A hereto (the "International Price Determination Agreement"). The International Price Determination Agreement may take the form of an exchange of any standard form of written telecommunication among the Company, the Selling Shareholders and the Co-Lead Managers and shall specify such applicable information as is indicated in Exhibit A hereto. The offering of the International Shares will be governed by this Agreement, as supplemented by the International Price Determination Agreement. From and after the date of the execution and delivery of the International Price

Determination Agreement, this Agreement shall be deemed to incorporate, and all references herein to "this Agreement" or "herein" shall be deemed to include, the International Price Determination Agreement.

The initial public offering price per share and the purchase price per share for the U.S. Shares to be paid by the U.S. Underwriters pursuant to the U.S. Purchase Agreement shall be set forth in a separate agreement (the "U.S. Price Determination Agreement"), the form of which is attached to the U.S. Purchase Agreement. The purchase price per share for the U.S. Shares to be paid by the several U.S. Underwriters shall be identical to the purchase price per share for the International Shares to be paid by the

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several Managers hereunder.

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (File No. 33-52401) covering the registration of the Offered Shares under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectuses, and either (A) has prepared and proposes to file, prior to the effective date of such registration statement, an amendment to such registration statement, including final prospectuses, or (B) if the Company has elected to rely upon Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"), will prepare and file prospectuses, in accordance with the provisions of Rule 430A and Rule 424(b) ("Rule 424(b)") of the 1933 Act Regulations, promptly after execution and delivery of the International Price Determination Agreement. (1) The information, if any, included in such prospectuses that was omitted from any prospectus included in such registration statement at the time it becomes effective but that is deemed, pursuant to Rule 430A(b), to be part of such registration statement at the time it becomes effective is referred to herein as the "Rule 430A Information". Each Form of International Prospectus and Form

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(1) Two forms of prospectus are to be used in connection with the offering and sale of the Offered Shares: one relating to the International Shares (the "Form of International Prospectus") and one relating to the U.S. Shares (the "Form of U.S. Prospectus"). The Form of International Prospectus is identical to the Form of U.S. Prospectus, except for the front cover page, inside front cover page, the section captioned "Underwriting" and the back cover page.

of U.S. Prospectus used before the time such registration statement becomes effective, and any Form of International Prospectus and Form of U.S. Prospectus that omits the Rule 430A Information that is used after such effectiveness and prior to the execution and delivery of the International Price Determination Agreement or the U.S. Price Determination Agreement, respectively, is herein called a "preliminary prospectus". Such registration statement, including the exhibits thereto, as amended at the time it becomes effective and including, if applicable, the Rule 430A Information, is herein called the "Registration Statement", and the Form of International Prospectus and Form of U.S. Prospectus included in the Registration Statement at the time it becomes effective is herein called the "International Prospectus" and the "U.S. Prospectus", respectively, and, collectively, the "Prospectuses" and, individually, a "Prospectus", except that, if the final International Prospectus or U.S. Prospectus, as the case may be, first furnished to the Managers or the U.S. Underwriters after the execution of the International Price Determination Agreement or the U.S. Price Determination Agreement for use in connection with the offering of the Offered Shares differs from the prospectuses included in the Registration Statement at the time it becomes effective (whether or not such prospectuses are required to be filed pursuant to Rule 424(b)), the terms "International Prospectus", "U.S. Prospectus", "Prospectuses" and "Prospectus" shall refer to the final International Prospectus or U.S. Prospectus, as the case may be, first furnished to the Managers or the U.S. Underwriters, as the case may be, for such use.

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The Company and the Selling Shareholders understand that the Managers propose to make a public offering of the International Shares as soon as you deem advisable after the Registration Statement becomes effective and the International Price Determination Agreement has been executed and delivered.

The parties hereto acknowledge that the shares of Common Stock that will be sold by the Selling Shareholders are being sold upon the exercise of warrants owned by the Selling Shareholders.

The parties hereto further acknowledge that for purposes of this Agreement, the "Company" and the "Company's Subsidiaries" shall refer to the Company and the Company's subsidiaries on the date of this Agreement.

Section 1. Representations and Warranties. (a) The Company represents and warrants to and agrees with each of the Managers that:

(i) When the Registration Statement shall become effective, if the Company has elected to rely upon Rule 430A, on the date of the International Price Determination Agreement, on the effective or issue date of each amendment or supplement to the Registration Statement or the Prospectuses, at the Closing Time referred to below, and, if, any U.S. Option Shares are purchased, on the Date of Delivery referred to below, (A) the Registration Statement and any amendments and supplements thereto will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations; (B) neither the Registration Statement nor any amendment or supplement thereto will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (C) neither of the Prospectuses nor any amendment or supplement to either of them will include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, this representation and warranty does not apply to statements or omissions from the Registration Statement or the Prospectuses made in reliance upon and in conformity with information furnished or confirmed in writing to the Company by or on behalf of any Underwriter through you or the International Representatives expressly for use in the Registration Statement or the Prospectuses.

(ii) This Agreement has been duly authorized, executed and delivered by the Company.

(iii) The consolidated financial statements of the Company included in the Registration Statement present fairly the consolidated financial position of the Company and the Company's Subsidiaries (as hereinafter defined) as of the dates indicated and the consolidated statements of operations, stockholders' equity and cash flows of the Company and the Company's Subsidiaries for the periods specified. Except as otherwise stated in the Registration Statement, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved. The financial statement schedules, if any, included in the Registration Statement present fairly the information required to be stated therein. The pro forma financial statements and other pro forma financial information included in the Prospectuses present fairly the information shown

therein, have been prepared in all material respects in accordance with the Commission's rules and guidelines with respect to pro forma financial statements, have been properly compiled on the pro forma

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bases described therein, and, in the opinion of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein.

(iv) To the Company's knowledge, the consolidated financial statements of EPIC Holdings, Inc. ("EPIC") and EPIC's subsidiaries (including the financial statements of EPIC Healthcare Group, Inc. ("EPIC Group"), EPIC's wholly-owned subsidiary) included in the Registration Statement present fairly the consolidated financial position of EPIC and EPIC's Subsidiaries (as hereinafter defined) as of the dates indicated and the consolidated statements of operations, stockholders' equity (deficit) and cash flows of EPIC and EPIC's Subsidiaries for the periods specified. To the Company's knowledge, except as otherwise stated in the Registration Statement, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved.

(v) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses; and the Company is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(vi) To the Company's knowledge, EPIC is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses and EPIC is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of

a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on EPIC and EPIC's Subsidiaries, considered as one enterprise.

(vii) Each of the Company's subsidiaries (collectively, the "Company's Subsidiaries") is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses; and each of the Company's Subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise. Except as set forth in the Registration Statement, all of the outstanding shares of capital stock of each of the Company's Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Company, directly or through one or more Subsidiaries, free and clear of any pledge, lien, perfected security interest, claim or encumbrance of any kind or, to the knowledge of the Company, any unperfected security interest.

(viii) To the Company's knowledge, each of EPIC's subsidiaries (collectively, "EPIC's Subsidiaries") is a corporation duly incorporated, validly existing and in good standing under the

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laws of the jurisdiction of its incorporation with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses and each of EPIC's Subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on EPIC and EPIC's Subsidiaries, considered as one enterprise. To the Company's knowledge, except as set forth in the Registration Statement, all of the outstanding shares of capital stock of each of EPIC's Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and except as set forth in the Disclosure

Schedule (as hereinafter defined), are owned by EPIC, directly or through one or more Subsidiaries, free and clear of any pledge, lien, perfected security interest, claim or encumbrance of any kind or, to the knowledge of the Company, any unperfected security interest.

(ix) The shares to be sold by the Company (whether to you or the Selling Shareholders upon exercise of their warrants) pursuant to this Agreement and the International Purchase Agreement have been duly authorized and, when issued and delivered by the Company upon receipt of the payment therefor in accordance with this Agreement and the International Purchase Agreement, will be validly issued, fully paid and non-assessable; such shares are not subject to the preemptive or other similar rights of any stockholder of the Company arising by operation of law, under the charter and bylaws of the Company or under any agreement to which the Company or any of the Company's Subsidiaries is a party.

(x) All of the outstanding shares of capital stock of the Company other than the Offered Shares have been duly authorized and validly issued and are fully paid and non-assessable; and none of the outstanding shares of Common Stock of the Company was issued in violation of the preemptive or other similar rights of any stockholder of the Company arising by operation of law, under the charter and bylaws of the Company or under any agreement to which the Company or any of the Company's Subsidiaries is a party.

(xi) To the Company's knowledge, all of the outstanding shares of capital stock of EPIC have been duly authorized and validly issued and are fully paid and non-assessable and none of the outstanding shares of Common Stock of EPIC was issued in violation of the preemptive or other similar rights of any stockholder of EPIC arising by operation of law, under the charter and bylaws of EPIC or under any agreement to which EPIC or any of EPIC's Subsidiaries is a party.

(xii) Since the respective dates as of which information is given in the Registration Statement and the Prospectuses, except as otherwise stated therein or contemplated thereby, there has not been any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business.

(xiii) To the Company's knowledge, since the respective dates as of which information is given in the Registration Statement and the Prospectuses, except as otherwise stated therein or

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contemplated thereby, there has not been (A) any change in the condition (financial or otherwise), earnings or business affairs of EPIC or EPIC's Subsidiaries that would be material and adverse to the Company, its Subsidiaries, EPIC and EPIC's Subsidiaries, considered as one enterprise (the "Combined Company"), whether or not arising in the ordinary course of business, or (B) any dividend or distribution of any kind declared, paid or made by EPIC on its capital stock.

(xiv) Neither the Company nor any of the Company's Subsidiaries is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, except as disclosed in the Prospectuses and except for such defaults that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise. The execution and delivery of this Agreement by the Company, the issuance and delivery by the Company of the Offered Shares (whether to you or the Selling Shareholders upon exercise of their warrants), the consummation by the Company of the transactions contemplated in this Agreement and the consummation of the Acquisition, the Subordinated Debt Offering, the Tender Offers, the Debt Redemption, the 1994 Credit Agreement and the transactions described in the ESOP Agreement (all as defined in the Registration Statement) and compliance by the Company with the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company or any of the Company's Subsidiaries, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any property or assets of the Company or any of the Company's Subsidiaries under (A) any indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company or any of the Company's Subsidiaries is a party or by which it is bound or to which any of its properties is subject (assuming that the amendment to the Credit Agreement dated as of September 29, 1992 among the Company and the

financial institutions named therein is effective at the time of the Acquisition), or (B) any existing applicable law (including any environmental law), rule, regulation, judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over the Company or any of the Company's Subsidiaries or any of their respective properties, in each case, except as disclosed in the Prospectuses and except for such conflicts, breaches or defaults or liens or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise.

(xv) To the Company's knowledge, neither EPIC nor any of EPIC's Subsidiaries is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, except as disclosed in the Prospectuses and except for such defaults that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of EPIC and EPIC's Subsidiaries, considered as one enterprise. To the Company's knowledge, the consummation by EPIC of the transactions contemplated in this Agreement and in the ESOP Agreement and the consummation of the Acquisition and the Tender Offers have been duly authorized by all necessary corporate action on the part of EPIC and the consummation of the foregoing and the Debt Redemption do not and will not result in any violation of the charter or by-laws of EPIC or any of EPIC's Subsidiaries, and do not and will not conflict with, or result in a

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breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any property or assets of EPIC or any of EPIC's Subsidiaries under (A) any indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which EPIC or any of EPIC's Subsidiaries is a party or by which it is bound or to which any of its properties is subject, or (B) any existing applicable law (including any environmental law), rule, regulation, judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over EPIC or any of EPIC's Subsidiaries or any of their respective properties, in each case, except as disclosed in the Prospectuses and except for such conflicts, breaches or defaults or liens or encumbrances that would not have a material adverse effect on the

condition (financial or otherwise), earnings or business affairs of the Combined Company.

(xvi) Except as disclosed in the Registration Statement, no authorization, approval, consent or license of any government, governmental instrumentality or court (other than under the 1933 Act and the 1933 Act Regulations, the Trust Indenture Act of 1939, as amended and the applicable rules and regulations promulgated thereunder (the "Trust Indenture Act") and the securities or blue sky laws of the various states and the securities laws of any jurisdiction outside the United States in which International Shares are offered or sold by the International Underwriters pursuant to the International Purchase Agreement) is required for the valid issuance, sale and delivery of the Offered Shares by the Company (whether to you or the Selling Shareholders upon exercise of their warrants) or for the consummation by the Company of the transactions described in the Prospectuses under the caption "The Acquisition and the Financing Plan".

(xvii) Except as disclosed in the Prospectuses, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, now pending or, to the knowledge of the Company, threatened against or affecting the Company or any of the Company's Subsidiaries that is required to be disclosed in the Prospectuses or that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement and described in the Registration Statement under the caption "The Acquisition and the Financing Plan".

(xviii) To the Company's knowledge, except as disclosed in the Prospectuses, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, now pending or, to the knowledge of the Company, threatened against or affecting EPIC or any of EPIC's Subsidiaries that is required to be disclosed in the Prospectuses or that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Combined Company, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement and described in the Registration Statement

under the caption "The Acquisition and the Financing Plan".

(xix) In the Company's judgment, there are no

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contracts or documents of a character required to be described in the Registration Statement or the Prospectuses or to be filed as exhibits to the Registration Statement that are not described and filed as required.

(xx) Each of the Company and the Company's Subsidiaries own or possess all governmental licenses, permits, certificates (including, without limitation, certificate of need approvals and certification under the Medicare program), consents, orders, approvals and other authorizations (collectively, "Governmental Licenses") necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such Governmental Licenses could reasonably be expected to not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, and neither the Company nor any of the Company's Subsidiaries has received any notice of proceedings relating to revocation or modification of any such Governmental Licenses that, in the aggregate, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise. All of the hospitals operated by the Company and the Company's Subsidiaries are "providers of services" as defined in the Social Security Act and the regulations promulgated thereunder, and are eligible to participate in the Medicare program, except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Company and the Company's Subsidiaries, taken as one enterprise.

(xxi) To the Company's knowledge, each of EPIC and EPIC's Subsidiaries own or possess all governmental licenses, permits, certificates (including, without limitation, certificate of need approvals and certification under the Medicare program), consents, orders, approvals and other authorizations (collectively, "Governmental Licenses") necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such Governmental Licenses

could reasonably be expected to not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company, and neither EPIC nor any of EPIC's Subsidiaries has received any notice of proceedings relating to revocation or modification of any such Governmental Licenses that, in the aggregate, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company. To the Company's knowledge, all of the hospitals operated by EPIC and EPIC's Subsidiaries are "providers of services" as defined in the Social Security Act and the regulations promulgated thereunder, and are eligible to participate in the Medicare program, except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxii) The Company has not taken and will not take, directly or indirectly, any action designed to cause or result in stabilization or manipulation of the price of the Common Stock; and the Company has not distributed and will not distribute any prospectus (as such term is defined in the 1933 Act and the 1933 Act Regulations) in connection with the offering and sale of the Offered Shares other than any preliminary prospectus filed with the Commission or the Prospectuses or other material permitted by the 1933 Act or the 1933 Act Regulations.

(xxiii) Except as disclosed in the Prospectuses, all

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United States federal income tax returns of the Company and the Company's Subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except tax assessments, if any, as are being contested in good faith and as to which adequate reserves have been provided, in each case except as would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise. Except as disclosed in the Prospectuses, all other franchise and income tax returns of the Company and the Company's Subsidiaries required to be filed pursuant to applicable foreign, state or local law have been filed, except insofar as the failure to file such returns would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, and

all taxes shown on such returns or otherwise assessed which are due and payable have been paid, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. To the best of the Company's knowledge, the charges, accruals and reserves on the books of the Company and the Company's Subsidiaries in respect of any income and corporate franchise tax liability for any years not finally determined are adequate to meet any assessments or reassessments for additional income or corporate franchise tax for any years not finally determined, except as disclosed in the Prospectuses and except to the extent of any inadequacy that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise.

(xxiv) To the Company's knowledge, except as disclosed in the Prospectuses, all United States federal income tax returns of EPIC and EPIC's Subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except tax assessments, if any, as are being contested in good faith and as to which adequate reserves have been provided, in each case except as would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company. To the Company's knowledge, except as disclosed in the Prospectuses, all other franchise and income tax returns of EPIC and EPIC's Subsidiaries required to be filed pursuant to applicable foreign, state or local law have been filed, except insofar as the failure to file such returns would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company, and all taxes shown on such returns or otherwise assessed which are due and payable have been paid, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided, in each case except as would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company. To the Company's knowledge, the charges, accruals and reserves on the books of EPIC and EPIC's Subsidiaries in respect of any income and corporate franchise tax liability for any years not finally determined are adequate to meet any assessments or reassessments for additional income or corporate franchise tax for any years not finally determined, except as disclosed in the Prospectuses and except to the extent of any inadequacy that would not have a material adverse

effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company.

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(xxv) The Company has obtained the written agreement of R. Clayton McWhorter, Michael A. Koban, Jr. and W. Hudson Connery, Jr. substantially in the form previously furnished to you that, for a period of 90 days from the date hereof, such persons will not, without the prior written consent of the U.S. Representatives (which consent shall not be unreasonably withheld), directly or indirectly, sell, offer to sell, contract to sell, grant any option for the sale of, or otherwise dispose of any shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock ("convertible securities"); provided, however, that during such 90 day period, such persons may without such prior written consent (i) transfer such shares of Common Stock or convertible securities by will or the laws of descent and distribution, (ii) make gifts of shares of Common Stock or convertible securities or transfer such shares of Common Stock or convertible securities to (A) family members (by trust or otherwise), so long as the donee agrees to be bound by the foregoing restriction in the same manner as it applies to such persons, or (B) charitable organizations and (iii) sell, transfer or otherwise dispose of shares of Common Stock or convertible securities to the Company in connection with any of the transactions contemplated by the Registration Statement.

(xxvi) To the Company's knowledge, EPIC's Employee Stock Ownership Plan (the "EPIC ESOP") and the trust created pursuant to the Trust Agreement for the EPIC ESOP between EPIC Group and U.S. Trust Company of California, N.A., as trustee under the EPIC ESOP (the "EPIC Trustee"), dated as of September 30, 1988 (the "EPIC ESOP Trust"), meet all applicable requirements of qualification and exemption from taxation under Sections 401(a) and 501(a), respectively, of the Internal Revenue Code of 1986, as amended (the "Code"), except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxvii) To the Company's knowledge, the EPIC ESOP constitutes an "employee stock ownership plan," as defined in Section 4975(e)(7) of the Code and the Treasury Regulations promulgated thereunder, and as defined in Section 407(d)(6) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(xxviii) To the Company's knowledge, each of the loans to the EPIC ESOP Trust pursuant to the EPIC ESOP Loan Agreement and the Substitute EPIC ESOP Loan Agreement, each between EPIC Group and the EPIC ESOP Trustee and dated as of September 30, 1988 and July 30, 1991, respectively (collectively, the "ESOP Loan Agreements"), and each of the pledges of shares of EPIC Group Common Stock, par value $.01 per share (the "EPIC Group Common Stock"), by the EPIC ESOP Trust pursuant to the Pledge Agreement and the Amendment to the Pledge Agreement, each between EPIC Group and the EPIC ESOP Trustee and dated as of September 30, 1988 and July 30, 1991, respectively (collectively, the "EPIC ESOP Pledge Agreements"), satisfies the requirements of Section 4975(d)(3) of the Code and Section 408(b)(3) of ERISA, and will not subject EPIC to a tax imposed under Section 4975 of the Code or a civil penalty assessed under Section 502(i) of ERISA, in each case except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxix) To the Company's knowledge, the EPIC Common Stock is a "qualifying employer security," within the meaning of Section 4975(e)(8) of the Code and Section 407(d)(5) of ERISA, except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxx) To the Company's knowledge, the sales of shares of EPIC Group Common Stock to the EPIC ESOP Trust pursuant to the Subscription Agreement between EPIC Group and the EPIC ESOP

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Trustee (the "EPIC ESOP Subscription Agreement"), satisfies the requirements of Section 4975(d)(13) of the Code and Section 408(e) of ERISA, and will not subject EPIC to a tax imposed under Section 4975 of the Code or a civil penalty assessed under Section 502(i) of ERISA, in each case except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxxi) To the Company's knowledge, and except as disclosed in the Prospectuses, no opinion, correspondence or other communication, whether written or otherwise, has been received by EPIC or any of its agents, affiliates, associates, officers or directors, or any fiduciary of the EPIC ESOP, from the United States Department of Labor, the Internal Revenue Service or any other Federal or state governmental or regulatory agency, body or authority, to the effect that either of the loans

to the EPIC ESOP Trust pursuant to the EPIC ESOP Loan Agreements, either of the pledges of shares of EPIC Group Common Stock by the EPIC ESOP Trust pursuant to the EPIC ESOP Pledge Agreements or the sales of shares of EPIC Group Common Stock to the EPIC ESOP Trust pursuant to the EPIC ESOP Subscription Agreement may or will constitute a violation of or result in any liability under ERISA or the Code, in each case except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxxii) None of the transactions contemplated by the ESOP Agreement should constitute a material violation of or result in any material liability under ERISA or the Code (including, without limitation, any tax under Section 4978B of the Code), except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(b) Any certificate signed by any officer of the Company and delivered to you or to Davis Polk & Wardwell as counsel for the Managers pursuant to this Agreement or at the Closing contemplated hereby shall be deemed a representation and warranty by the Company to each U.S. Underwriter as to the matters covered thereby.

(c) Representations and warranties in this Agreement which are given "to the Company's knowledge" are based solely upon (i) the Company's actual knowledge and (ii) the representations and warranties of EPIC set forth in the Merger Agreement, dated as of January 9, 1994, among the Company, Odyssey Acquisition Corp. and EPIC (the "Merger Agreement"). For purposes of this Agreement, "Disclosure Schedule" means the disclosure schedule of EPIC relating to the Merger Agreement.

(d) Each of the Selling Shareholders represents and warrants to each of the Underwriters that:

(i) This Agreement and the U.S. Purchase Agreement have been duly authorized, executed and delivered by or on behalf of such Selling Shareholder.

(ii) The execution and delivery by such Selling Shareholder of, and the performance by such Selling Shareholder of its obligations under, this Agreement, the Custody Agreement signed by such Selling Shareholder and First Union National Bank of North Carolina, as Custodian, relating to the deposit of Shares

to be sold by such Selling Shareholder (the "Custody Agreement") and the Power of Attorney appointing certain individuals as such Selling

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Shareholder's attorneys-in-fact to the extent set forth therein, relating to the transactions contemplated hereby and by the Registration Statement (the "Power of Attorney") will not contravene any provision of applicable law, or the certificate of incorporation (or charter) or by-laws of such Selling Shareholder (if such Selling Shareholder is a corporation), or, in any material respects, any agreement or other instrument binding upon such Selling Shareholder or, in any material respects, any judgment, order or decree of any governmental body, agency or court having jurisdiction over such Selling Shareholder, and no consent, approval, authorization or order of or qualification with any governmental body or agency is required for the performance by such Selling Shareholder of its obligations under this Agreement or the Custody Agreement or Power of Attorney of such Selling Shareholder, except such as have already been obtained or as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(iii) On the Closing Date, such Selling Shareholder, upon due authorization and issuance of the Shares by the Company to the Selling Shareholder, will have, valid marketable title to the Shares to be sold by such Selling Shareholder and the legal right and power, and all authorization and approval required by law, to enter into this Agreement, the Custody Agreement and the Power of Attorney and to sell, transfer and deliver the Shares to be sold by such Selling Shareholder.

(iv) The Custody Agreement and the Power of Attorney have been duly authorized, executed and delivered by such Selling Shareholder and are valid and binding agreements of such Selling Shareholder.

(v) Assuming that the Company duly authorizes, issues and delivers the Shares to be sold by the Selling Shareholder on the Closing Date to the Selling Shareholder free and clear of any security interests, claims, liens, equities and other encumbrances, delivery of the Shares to be sold by such Selling Shareholder pursuant to this Agreement will pass marketable title to such Shares free and clear of any security interests, claims, liens, equities and other encumbrances.

(vi) The Selling Shareholder is not an investment company under the Investment Company Act of

1940 or is registered under the Investment Company Act of 1940.

(vii) All information furnished to the Company in writing by or on behalf of such Selling Shareholder for use in the Registration Statement and Prospectus is, and on the Closing Date will be, true, correct, and complete, and does not, and on the Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

(viii) The Selling Shareholder has not taken, and will not take, directly or indirectly, any action designed to, or which might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares pursuant to the distribution contemplated by this Agreement, and other than as permitted by the Act, such Selling Shareholder has not distributed and will not distribute any prospectus or other offering material in connection with the offering and sale of the Shares.

(ix) The part of the preliminary prospectus under the caption "Selling Shareholders" which specifically relates to such Selling Shareholder or such Selling Shareholder's affiliates does not, and will not on the Closing Date (and Option Closing Date, if applicable), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading.

(x) At any time during such period as in the opinion of counsel for the Underwriters a prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, if there

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is any change in the information referred to in Section 1(d)(viii) above, the Selling Shareholder will immediately notify you of such change.

Section 2. Sale and Delivery to the Managers; Closing. (a) On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Company and each Selling Shareholder severally agree to sell to each Manager, and each Manager agrees, severally and not jointly, to purchase from the Company and each Selling Shareholder, at the purchase

price per share for the Initial International Shares to be agreed upon by the Co-Lead Managers and the Company in accordance with Section 2(b) or 2(c) and set forth in the International Price Determination Agreement, the number of Initial International Shares set forth opposite the name of such Manager in Schedule A, plus such additional number of Initial International Shares such Manager may become obligated to purchase pursuant to Section 11 hereof. If the Company elects to rely on Rule 430A, Schedule A may be attached to the International Price Determination Agreement.

(b) If the Company has elected not to rely upon Rule 430A, the initial public offering price per share for the Initial International Shares and the purchase price per share for the Initial International Shares to be paid by the several Managers shall be agreed upon and set forth in the International Price Determination Agreement, dated the date hereof, and an amendment to the Registration Statement containing such per share price information will be filed before the Registration Statement becomes effective.

(c) If the Company has elected to rely upon Rule 430A, the initial public offering price per share for the Initial International Shares and the purchase price per share for the Initial International Shares to be paid by the several Managers shall be agreed upon and set forth in the International Price Determination Agreement. In the event that the International Price Determination Agreement has not been executed by the close of business on the fourth business day following the date on which the Registration Statement becomes effective, this Agreement shall terminate forthwith, without liability of any party to any other party except that Sections 7 and 8 shall remain in effect.

(d) In addition, on the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Managers, severally and not jointly, to purchase up to an additional 156,000 International Option Shares at the same purchase price per share as shall be applicable to the Initial International Shares. The option hereby granted will expire 30 days after the date upon which the Registration Statement becomes effective or, if the Company has elected to rely upon Rule 430A, the date of the International Price Determination Agreement, and may be exercised in whole or from time to time in part only for the purpose of covering over-allotments that may be made in connection with the offering and distribution of the Initial International Shares upon notice by you to the Company setting forth the number of International Option Shares as to which the several Managers are exercising the option, and the time

and date of payment and delivery thereof. Such time and date of delivery (the "Date of Delivery") shall be determined by you but shall not be later than five full business days after the exercise of such option, nor in any event prior to the Closing Time. If the option is exercised as to all or any portion of the International Option Shares, the International Option Shares as to which the option is exercised shall be purchased by the Managers, severally and not jointly, in the respective proportions that bear the same relationship to the number of International Option Shares to be purchased at the Date of Delivery as the number of Initial International Shares set forth opposite the name of each Manager in Schedule A hereto bears to the total number of Initial

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International Shares (such proportions are hereinafter referred to as each Manager's "underwriting obligation proportions").

(e) Payment of the purchase price for, and delivery of certificates for, the Initial International Shares shall be made at the offices of Dewey Ballantine, 1301 Avenue of the Americas, New York, New York 10019, or at such other place as shall be agreed upon by the Company and you, at 10:00 A.M. either (i) on the fifth full business day after the effective date of the Registration Statement, or (ii) if the Company has elected to rely upon Rule 430A, the fifth full business day after execution of the International Price Determination Agreement (unless, in either case, postponed pursuant to Section 11 or 12), or at such other time not more than ten full business days thereafter as you and the Company shall determine (such date and time of payment and delivery being herein called the "Closing Time"). In addition, in the event that any or all of the International Option Shares are purchased by the Managers, payment of the purchase price for, and delivery of certificates for, such International Option Shares shall be made at the offices of Davis Polk & Wardwell set forth above, or at such other place as the Company and you shall determine, on the Date of Delivery as specified in the notice from you to the Company. Payment shall be made to the Company and the Selling Shareholders by certified or official bank check or checks in New York Clearing House funds payable to the order of the Company or the Selling Shareholders against delivery to you for the respective accounts of the several Managers of certificates for the International Shares to be purchased by them.

(f) Certificates for the Initial International Shares and the International Option Shares to be purchased by the Managers shall be in such denominations and registered in such names as you may request in writing at least two full business days before the Closing Time or the Date of Delivery, as the case may be. The certificates for the Initial International Shares and International Option Shares will be

made available in New York City for examination and packaging by you not later than 10:00 A.M. on the business day prior to the Closing Time or the Date of Delivery, as the case may be.

(g) It is understood that each Manager has authorized you, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the International Shares that it has agreed to purchase. You, individually and not as a Co-Lead Manager, may (but shall not be obligated to) make payment of the purchase price for the Initial International Shares or International Option Shares, to be purchased by any Manager whose check or checks shall not have been received by the Closing Time or the Date of Delivery, as the case may be.

(h) It is understood that the obligations of the Company to sell the Offered Shares being sold by it hereunder are subject to the consummation of the Acquisition (as defined in the Registration Statement). If the Acquisition is not consummated, this Agreement may be terminated by the Company upon notice to the U.S. representatives at or prior to the Closing Time, and such Termination shall be without liability of any party to any other party except as provided in Section 4 herein. Notwithstanding any such termination, the provisions of Sections 7 and 8 herein shall remain in effect.

Section 3. Certain Covenants of the Company. The Company covenants with each Manager as follows:

(a) The Company will use its best efforts to cause the Registration Statement to become effective and, if the Company elects to rely upon Rule 430A and subject to Section 3(b), will comply in all material respects with the requirements of Rule 430A and will notify you promptly, (i) when the Registration Statement, or any post-effective amendment to the Registration Statement, shall have become effective, or any supplement to the Prospectuses or any amended Prospectuses shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission to amend the Registration Statement or amend or supplement any Prospectus or for additional information and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary

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prospectus, or of the suspension of the qualification of the Offered Shares for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes. The Company will make every reasonable effort to prevent the issuance of any such stop order or of any order preventing or suspending such use

and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) The Company will not at any time file or make any amendment to the Registration Statement, or any amendment or supplement (i) if the Company has not elected to rely upon Rule 430A, to the Prospectuses or (ii) if the Company has elected to rely upon Rule 430A, to either the prospectus included in the Registration Statement at the time it becomes effective or to the Prospectuses, of which you shall not have previously been advised and furnished a copy or to which you or Davis Polk & Wardwell as counsel for the Managers shall have promptly and reasonably objected in writing.

(c) The Company has furnished or will furnish to you and Davis Polk & Wardwell as counsel for the Managers, without charge, as many signed copies (as reasonably requested) of the Registration Statement as originally filed and of all amendments thereto, whether filed before or after the Registration Statement becomes effective, copies of all exhibits and documents filed therewith and signed copies of all consents and certificates of experts, as you may reasonably request and has furnished or will furnish to you, for each other U.S. Underwriter, one conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits).

(d) The Company will deliver to each U.S. Underwriter, without charge, from time to time until the effective date of the Registration Statement (or, if the Company has elected to rely upon Rule 430A, until the time the International Price Determination Agreement is executed and delivered), as many copies of each preliminary prospectus as such U.S. Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will deliver to each Underwriter, without charge, as soon as the Registration Statement shall have become effective (or, if the Company has elected to rely upon Rule 430A, as soon as practicable after the International Price Determination Agreement has been executed and delivered) and thereafter from time to time as requested during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectuses (as supplemented or amended) as such U.S. Underwriter may reasonably request.

(e) The Company will comply in all material respects with the 1933 Act and the 1933 Act Regulations, and the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder so as to permit the completion of the distribution of the Offered Shares as

contemplated in this Agreement and in the Prospectuses. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Shares any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for the Managers or counsel for the Company, to amend the Registration Statement or amend or supplement any Prospectus in order that the Prospectuses will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of either such counsel, at any such time to amend the Registration Statement or amend or supplement any Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such untrue statement or omission or to make the Registration Statement or the Prospectuses

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comply with such requirements.

(f) The Company will endeavor, in cooperation with the Managers, to qualify the Offered Shares for offering and sale under the applicable securities laws of such states and other jurisdictions as the Company and you may mutually agree upon and to maintain such qualifications in effect for a period of not less than one year from the effective date of the Registration Statement; provided, however, that neither the Company nor any of the Company's Subsidiaries shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Company will file such statements and reports as may be required by the laws of each such jurisdiction to maintain the qualification of the Offered Shares as above provided.

(g) The Company will make generally available to its security holders as soon as practicable, but not later than 60 days after the close of the period covered thereby, an earnings statement of the Company (in form complying with the provisions of Rule 158 of the 1933 Act Regulations), covering a period of 12 months beginning after the effective date of the Registration Statement but not later than the first day of the Company's fiscal quarter next following such effective date.

(h) For a period of 90 days from the date hereof, the Company will not, without the prior written consent of the U.S. Representatives, which consent shall not be unreasonably

withheld, directly or indirectly, sell, offer to sell, contract to sell, grant any option for the sale of, or otherwise dispose of, any Common Stock or convertible securities, other than (i) to eligible participants in the Company's employee benefit plans pursuant to the terms thereof and to the Managers pursuant to this Agreement, (ii) contributions to the Company's employee benefit plans in accordance with the terms thereof, (iii) upon exercise of options or warrants to purchase Common Stock, (iv) to the U.S. Underwriters pursuant to the U.S. Purchase Agreement and (v) in connection with the transactions described in the Prospectuses (including the transactions described under the caption "The Acquisition and Financing Plan" in the Prospectuses).

(i) If the Company has elected to rely upon Rule 430A, it will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus.

(j) The Company, with respect to the offering of the Offered Shares, has complied and will comply with all of the provisions of Florida H.B. 1771, codified as Section 517.075 of the Florida Statutes, and all regulations promulgated thereunder relating to issuers doing business with Cuba.

Section 4. Payment of Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (a) the printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, the preliminary prospectuses and the Prospectuses and any amendments or supplements thereto, and the cost of furnishing copies thereof to the Managers, (b) the printing and distribution of this Agreement (including the International Price Determination Agreement), the Agreement among Managers, the Intersyndicate Agreement, the Agreement among U.S. Underwriters, the certificates for the International Shares and the Blue Sky Survey, (c) the delivery of the certificates for the International Shares to the Managers (d) the fees and disbursements of the Company's counsel and accountants, (e) the costs and expenses in connection with the sale of the International Shares by the Selling Shareholders as are agreed upon by the Company and the Selling Shareholders (but in no event shall the Managers pay any costs and expenses of the Selling Shareholders), (f) the qualification of the Offered Shares under the applicable securities laws in accordance with Section 3(f) and any filing for review of the offering with

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the National Association of Securities Dealers, Inc., including filing fees and reasonable fees and disbursements of Davis Polk & Wardwell as counsel for the Managers, in connection with such qualification of the Offered Shares and the Blue Sky Survey and (g) the listing fees and expenses incurred in connection with listing the Offered Shares on the New York Stock Exchange.

If this Agreement is terminated by you in accordance with the provisions of Section 5, 10(a)(i) or 12, or by the Company in accordance with the provisions of Section 2(h), the Company shall reimburse the Managers for all their reasonable out-of-pocket expenses, including the reasonable fees and disbursements of Davis Polk & Wardwell as counsel for the Managers.

Section 5. Conditions of Managers' Obligations. In addition to the execution and delivery of the International Price Determination Agreement, the obligations of the several Managers to purchase and pay for the International Shares that they have respectively agreed to purchase hereunder are subject to the accuracy of the representations and warranties of the Company contained herein (including those contained in the International Price Determination Agreement) or in certificates of the Company's officers delivered pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder, and to the following further conditions:

(a) The Registration Statement shall have become effective not later than 5:30 P.M. on the date of this Agreement or, with your consent, at a later time and date not later, however, than 5:30 P.M. on the first business day following the date hereof, or at such later time or on such later date as you may agree to in writing with the approval of a majority in interest of the several Managers; and at the Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or the knowledge of the Company, shall have been threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of Davis Polk & Wardwell as counsel for the Managers. If the Company has elected to rely upon Rule 430A, Prospectuses containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A).

(b) At the Closing Time, you shall have received a signed opinion of Dewey Ballantine, counsel for the Company, dated as of the Closing Time, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel for the Managers, to the effect that:

(i) This Agreement has been duly authorized, executed and delivered by the Company.

(ii) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses.

(iii) The Offered Shares sold by the Company pursuant to this Agreement and the International Purchase Agreement have been duly authorized and, when issued and delivered by the Company upon receipt of the payment therefor in accordance with this Agreement and the International Purchase Agreement, will be validly issued, fully paid and non-assessable. Such Offered Shares are not subject to the preemptive or other similar rights of any stockholder of the Company arising by operation of law, under the charter or bylaws of the Company or under any agreement known to such counsel to which the Company is a party.

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(iv) The Offered Shares conform in all material respects to the description thereof contained in the Prospectuses.

(v) To the knowledge of such counsel, no authorization, approval, consent or license of any government, governmental instrumentality or court (other than under the 1933 Act and the 1933 Act Regulations, the Trust Indenture Act and the securities or blue sky laws of the various states and the securities laws of any jurisdiction in which the International Shares are offered or sold by the International Underwriters pursuant to the International Purchase Agreement), is required for the valid issuance, sale and delivery of the Offered Shares by the Company (whether to you or the Selling Shareholders upon exercise of their warrants).

(vi) Such counsel has been informed by the Commission that the Registration Statement is effective under the 1933 Act; any required filing of the Prospectuses or any supplement thereto pursuant to Rule 424(b) has been made in the manner and within the time

period required by Rule 424(b); and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or have been threatened by the Commission under the 1933 Act.

(vii) The Registration Statement (including the Rule 430A Information, if applicable), the Prospectuses and each amendment or supplement to the Registration Statement and Prospectuses, as of their respective effective or issue dates (in each case, except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), comply as to form in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations.

(viii) The Company is not an investment company under the Investment Company Act of 1940.

(ix) The transactions contemplated in the Prospectuses under the heading "The Acquisition and the Financing Plan", to the extent described therein, have been duly authorized by the Company; to the knowledge of such counsel, all of the necessary consents to consummate such transactions have been obtained (other than the consent of EPIC and its Subsidiaries with respect to the Debt Redemption and other than as disclosed in the Registration Statement), except where the failure to obtain such consents would not have a material adverse effect on the consummation of the Acquisition and the Financing Plan; to the knowledge of such counsel, there has not been any violation on the part of the Company of any of the terms of such consents which violation would materially and adversely affect the consummation of the Acquisition and the Financing Plan; and to the knowledge of such counsel, except as disclosed in the Registration Statement there is no pending or, threatened legal or governmental proceedings with respect to any of the consents or the transactions described in the Prospectuses under the caption "The Acquisition and the Financing Plan" that, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the consummation of the Acquisition and the Financing Plan.

In addition, such opinion shall state that such counsel has participated in the preparation of the Registration Statement and Prospectuses and in conferences

with officers and other representatives of the Company, and your representatives and your counsel at which the contents of the Registration

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Statement, the Prospectuses and related matters were discussed and, although such counsel need not undertake to determine independently nor pass upon or assume any responsibility, explicitly or implicitly, for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectuses on the basis of and subject to the foregoing, no facts have come to the attention of such counsel to lead such counsel to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," as to which such counsel need express no opinion), as of the date the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) that the Prospectuses or any amendment or supplement thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," as to which such counsel need express no opinion), at the time the Prospectuses were issued, at the time any such amended or supplemented prospectuses were issued or at the Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Company's Subsidiaries and certificates of public officials.

(c) At the Closing Time, you shall have received a signed opinion of Philip D. Wheeler, General Counsel for the Company, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other Managers, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the Managers, to the effect that:

(i) The Company is duly qualified to transact business as a foreign corporation and is in good standing in each jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(ii) Each of the Company's Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectuses, or except to the extent that the failure to be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(iii) Each of the Company's Subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(iv) The Offered Shares sold by the Company pursuant to this Agreement and the International Purchase Agreement have been duly authorized and, when issued and delivered by the Company upon receipt of the payment therefor in accordance with this Agreement and the International Purchase Agreement, will be validly issued, fully paid and

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non-assessable. Such Offered Shares are not subject to the preemptive or other similar rights of any stockholder of the Company arising by operation of law, under the charter or bylaws of the Company or under any agreement known to such counsel to which the Company or any of the Company's Subsidiaries is a party. The Offered Shares to be sold by each Selling Shareholder have been duly authorized and are validly issued, fully paid and non-assessable.

(v) All of the outstanding shares of capital stock of the Company other than the Offered Shares have been duly authorized and validly issued and are fully paid and non-assessable; and none of the outstanding shares of capital stock of the Company was issued in

violation of the preemptive or other similar rights of any stockholder of the Company arising by operation oflaw, under the charter or bylaws of the Company or under any agreements known to such counsel to which the Company or any of the Company's Subsidiaries is a party.

(vi) Based solely on an examination of relevant minute books and stock records, except as disclosed in the Prospectuses, all of the outstanding shares of capital stock of each of the Company's Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable.

(vii) Such counsel does not know of any statutes or regulations, or any pending or threatened legal or governmental proceedings, required to be described in the Prospectuses that are not described as required, nor of any contracts or documents of a character required to be described in the Registration Statement or the Prospectuses or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(viii) The statements made in the Prospectuses under "Reimbursement and Regulation", to the extent that they constitute matters of law or legal conclusions, have been reviewed by such counsel and fairly present the information disclosed therein in all material respects.

(ix) The execution and delivery of this Agreement by the Company, the issuance and delivery of the Offered Shares by the Company (whether to you or the Selling Shareholders upon exercise of their warrants), the consummation by the Company of the Acquisition, the Subordinated Debt Offering, the Tender Offers, the Debt Redemption, the 1994 Credit Agreement and the transactions described in the ESOP Agreement and compliance by the Company with the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company or any of the Company's Subsidiaries, and, to the knowledge of such counsel, do not and will not conflict with, or constitute a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any property or assets of the Company or any of the Company's Subsidiaries under (A) any indenture, mortgage or loan agreement or any other agreement or instrument to which the Company or any of the Company's Subsidiaries is a party or by which it

may be bound or to which any of their respective properties may be subject, (B) any existing applicable law, rule or regulation (other than the securities or blue sky laws of the various states and the securities laws of any jurisdiction in which the International Shares are offered or sold by the International Underwriters pursuant to the International Purchase Agreement, as to which such counsel need express no opinion), or (C) any judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over the Company or any of the Company's

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Subsidiaries or any of their respective properties, in each case, except as disclosed in the Prospectuses, and except for such conflicts, breaches or defaults or liens or encumbrances that would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise. Such counsel need express no opinion, however, as to whether the execution, delivery and performance by the Company of this Agreement or the consummation by the Company of the Acquisition, the Subordinated Debt Offering, the Tender Offers, the Debt Redemption, the 1994 Credit Agreement and the transactions described in the ESOP Agreement will constitute a violation of, or default under, any financial covenant or financial ratios contained in any of the agreements referred to in the preceding sentence.

In addition, such opinion shall state that such counsel has participated in the preparation of the Registration Statement and Prospectuses and in conferences with officers and other representatives of the Company, and your representatives and your counsel at which the contents of the Registration Statement, the Prospectuses and related matters were discussed and, although such counsel need not undertake to determine independently nor pass upon or assume any responsibility, explicitly or implicitly, for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectuses, on the basis of and subject to the foregoing, no facts have come to the attention of such counsel to lead such counsel to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," as to which such counsel need express no opinion), as of the date the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to

state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) that the Prospectus or any amendment or supplement thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," as to which such counsel need express no opinion), at the time the Prospectuses were issued, at the time any such amended or supplemented prospectuses were issued or at the Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Subsidiaries and certificates of public officials.

(d) At the Closing Time, you shall have received a signed opinion of Stanley F. Baldwin, Esq., general counsel for EPIC, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other Managers, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the Managers, substantially to the effect set forth in Section 7.02(g) of the Merger Agreement. The parties hereto acknowledge and agree that no personal liability to Stanley F. Baldwin shall attach to the rendering of such opinion.

Such counsel may state that, insofar as such opinion involves factual matters, he has relied, to the extent he deems proper, upon certificates of officers of EPIC and EPIC's Subsidiaries and certificates of public officials.

(e) At the Closing Time, you shall have received a signed opinion of Johnson & Gibbs, P.C. (or its successor), counsel for EPIC, dated as of the

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Closing Time, together with reproduced copies of such opinion for each of the other Managers, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the Managers, substantially in the form and to the effect set forth in Section 7.02(f) of the Merger Agreement and to the effect that:

such firm has represented EPIC in connection with the transactions contemplated by the Merger Agreement and,

although such firm has not verified, is not passing upon and does not assume any responsibility for, the accuracy, completeness or fairness of any statements contained in the Registration Statement or the Prospectus, on the basis of the knowledge of such firm in connection with such representation (relying as to materiality to a large extent upon the opinions of officers and other representatives of EPIC, without independent check or verification), no fact has come to their attention that has led them to believe that the section of the Prospectuses under the heading "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations" contained an untrue statement of a material fact or omitted to state a material fact required to be stated in such section or necessary to make the statements in such section, in light of the circumstances under which they were made, not misleading. In making the foregoing statements in this paragraph, such firm expresses no opinion, belief or comment with respect to any financial data or information included or incorporated by reference in the aforementioned section of the Prospectuses. Such firm may advise you that it has not participated in any respect in connection with the preparation of such Prospectuses, the Registration Statements with respect thereto or the Forms 10-K or 10-Q of EPIC from which the information contained in the sections referred to above has been derived.

(f) At the Closing Time, you shall have received a signed opinion of each of the counsels for each of the Selling Shareholders, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other Managers, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the Managers, to the effect that:

(i) This Agreement and the International Purchase Agreement have been duly authorized, executed and delivered by or on behalf of such Selling Shareholder.

(ii) The execution and delivery by the Selling Shareholder of, and the performance by the Selling Shareholder of its obligations under, this Agreement, the Custody Agreement and Power of Attorney signed by the Selling Shareholder and First Union National Bank of North Carolina as Custodian, and the attorneys-in-fact named therein relating to the deposit of the Shares to be sold by the Selling Shareholders and the appointment of certain individuals as the Selling Shareholders' attorneys-in-fact to the extent set forth therein (the "Custody Agreement"), will not contravene any provision

of applicable law, or the certificate of incorporation or by-laws of such Selling Shareholder (if such Selling Shareholder is a corporation), or any agreement or other instrument binding upon such Selling Shareholder or any judgment, order or decree of any governmental body, agency or court having jurisdiction over such Selling Shareholder, and no consent, approval, authorization or order of or qualification with any governmental body or agency is required for the performance by such Selling Shareholder of its obligations under this Agreement or the Custody Agreement and Power of Attorney of such Selling Shareholder, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

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(iii) Such Selling Shareholder has valid marketable title to the Shares to be sold by such Selling Shareholder and the legal right and power, and all authorization and approval required by law, to enter into this Agreement, the Custody Agreement and the Power of Attorney and to sell, transfer and deliver the Shares to be sold by such Selling Shareholder.

(iv) The Custody Agreement and the Power of Attorney has been duly authorized, executed and delivered by such Selling Shareholder and are valid and binding agreements of such Selling Shareholder.

(v) Delivery of the Shares to be sold by such Selling Shareholder pursuant to this Agreement will pass marketable title to such Shares free and clear of any security interests, claims, liens, equities and other encumbrances.

(vi) The Selling Shareholder is not an investment company under the Investment Company Act of 1940.

(g) At the Closing Time, you shall have received signed opinions of Dewey Ballantine and Johnson & Gibbs, P.C. (or its successor), dated as of the Closing Time, together with reproduced copies of such opinions for each of the other Managers, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the Managers, to the effect that neither of (i) the discharge of that portion of the principal amount of EPIC's loans to the EPIC ESOP Trust that exceeds the fair market value of the shares of the EPIC Common Stock transferred by the EPIC Trustee to EPIC, or (ii) the transfer by the EPIC Trustee to EPIC of shares of EPIC Common Stock unallocated under the EPIC ESOP in satisfaction of EPIC's loans to the ESOP Trust, each as contemplated by the

Registration Statement, should constitute a violation of or result in any liability under ERISA or the Code.

Each such counsel may (i) assume for purposes of such opinion, based on the understanding of such counsel that the Trustee has retained and received the advice of independent counsel and financial advisors, that the Trustee has complied with the applicable fiduciary requirements of ERISA and the Code and that the ESOP has received no less than adequate consideration for such shares of EPIC Common Stock, and (ii) state that, insofar as such opinion involves factual matters, it has relied, to the extent they deem proper, upon certificates of officers of EPIC and its Subsidiaries and certificates of public officials.

(h) At the Closing Time, you shall have received the favorable opinion of Davis Polk & Wardwell as counsel for the Managers, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other Managers, to the effect that the opinions delivered pursuant to Sections 5(b), (c), (d) and (e) appear on their face to be appropriately responsive to the requirements of this Agreement except, specifying the same, to the extent waived by you, and with respect to the incorporation and legal existence of the Company, the Offered Shares, this Agreement, the Registration Statement, the transactions contemplated under the captions "The Acquisition and Financing Plan" in the Registration Statement, the Prospectuses and such other related matters as you may require. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the corporate law of the State of Delaware, upon the opinions of counsel satisfactory to you. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company, the Company's Subsidiaries, EPIC and EPIC's Subsidiaries and certificates of public officials.

(i) At the Closing Time, (i) the Registration Statement and the Prospectuses, as they may then be amended or supplemented, shall conform in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations, the Company shall have complied in all material respects with Rule 430A (if it shall have elected to rely thereon), the Registration Statement, as it may then be amended or supplemented, shall not contain

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an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements in the Registration Statement not misleading, and the Prospectuses, as they may then be amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements in the Prospectuses, in light of the circumstances under which they were made, not misleading, (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement and the Prospectuses, any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or of EPIC and EPIC's Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, (iii) no action, suit or proceeding at law or in equity shall be pending or, to the knowledge of the Company, threatened against the Company, any of the Company's Subsidiaries, EPIC or any of EPIC's Subsidiaries that would be required to be set forth in the Prospectuses other than as set forth therein and no proceedings shall be pending or, to the knowledge of the Company, threatened against the Company, any of the Company's Subsidiaries, EPIC or any of EPIC's Subsidiaries before or by any federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding could reasonably be expected to materially adversely affect the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or of EPIC and EPIC's Subsidiaries, considered as one enterprise, other than as set forth in the Prospectuses, (iv) the Company shall have complied in all material respects with all agreements and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (v) the other representations and warranties of the Company set forth in Section 1(a) shall be accurate as though expressly made at and as of the Closing Time. At the Closing Time, you shall have received a certificate of the President or a Vice President and the Treasurer or the Controller of the Company, dated as of the Closing Time, to such effect, but in the case of clauses (ii) and (iii) above, only with respect to the Company and the Company's Subsidiaries.

(j) At the Closing Time, you shall have received a certificate of the chief executive officer or chief financial officer of EPIC, dated as of the Closing Time, to the effect set forth in Section 7.02(a) of the Merger Agreement.

(k) With respect to the purchase of Offered Shares from any Selling Shareholder, such Selling Shareholder shall have complied in all material respects with all agreements and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the Closing Time.

(l) On the date of this Agreement and at the Closing Time, Ernst & Young, independent public accountants with respect to the Company, shall have furnished to you letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectuses.

(m) On the date of this Agreement and at the Closing Time, Ernst & Young, independent public accountants with respect to EPIC, shall have furnished to you letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements of EPIC and certain financial information contained or incorporated by reference in the Registration Statement and the Prospectuses.

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(n) At the Closing Time, counsel for the Managers shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the Offered Shares as contemplated in this Agreement and the matters referred to in Section 5(e) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company at or prior to the Closing Time in connection with the authorization, issuance and sale of the Offered Shares by the Company (whether to you or the Selling Shareholders upon exercise of their warrants) as contemplated in this Agreement shall be reasonably satisfactory in form and substance to you and to Davis Polk & Wardwell as counsel for the Managers.

(o) At the Closing Time, the Company shall have consummated the Acquisition and, after giving effect to the Acquisition, is not in default under the 1992 Credit Agreement or any amendment thereto. The Company shall have provided to you and Davis Polk & Wardwell as counsel for the Managers copies of all documents with respect to the consummation of the Acquisition as you or Davis Polk & Wardwell may reasonably request.

(p) With respect to the purchase of Shares from a Selling Shareholder who is not a U.S. Person, you shall have received on the Closing Date, a certificate of such Selling

Shareholder who is not a U.S. Person to the effect that such Selling Shareholder is not a U.S. Person (as defined under applicable U.S. federal tax legislation), which certificate may be in the form of a properly completed and executed United States Treasury Department Form W-8 (or other applicable form or statement specified by Treasury Department regulations in lieu thereof).

(q) The International Shares to be delivered on the Closing Date pursuant to the International Purchase Agreement shall be sold simultaneously with the U.S. Shares sold hereunder.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement to be fulfilled, this Agreement may be terminated by you upon notice to the Company at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 herein, provided, however, that failure of any Selling Shareholder to fulfill any of the conditions specified in this Section 5 shall not itself relieve the several Underwriters of their obligations to purchase and pay for the Offered Shares to be sold by the Company hereunder. Notwithstanding any such termination, the provisions of Sections 7 and 8 herein shall remain in effect.

Section 6. Conditions to Purchase of U.S. Option Shares. In the event that the Managers exercise their option granted in Section 2 to purchase all or any of the International Option Shares and the Date of Delivery determined by you pursuant to Section 2 is later than the Closing Time, the obligations of the several Managers to purchase and pay for the International Option Shares that they shall have respectively agreed to purchase pursuant to this Agreement are subject to the accuracy of the representations and warranties of the Company herein contained, to the performance by the Company of its obligations hereunder and to the following further conditions:

(a) The Registration Statement shall remain effective at the Date of Delivery, and at the Date of Delivery no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall have been threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of Davis Polk & Wardwell as counsel for the Managers.

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(b) At the Date of Delivery, the provisions of Section 5(i) shall have been complied with at and as of the Date of Delivery and, at the Date of Delivery, you shall have received (i) a certificate of the President or a Vice President and the Treasurer or the Controller of the Company in accordance with the provisions of Section 5(i), dated as of the Date of Delivery, to such effect and (ii) a Certificate of the chief executive officer or chief financial officer of EPIC in accordance with the provisions of Section 5(j), dated as of the Date of Delivery, to such effect.

(c) At the Date of Delivery, you shall have received the favorable opinions of Dewey Ballantine, counsel for the Company, Philip D. Wheeler, general counsel for the Company, Stanley F. Baldwin, Esq., general counsel for EPIC, Johnson & Gibbs, P.C. (or its successor), counsel for EPIC, or such other counsel reasonably satisfactory to Davis Polk & Wardwell as counsel for the Managers together with reproduced copies of such opinions for each of the other Managers in form and substance satisfactory to Davis Polk & Wardwell as counsel for the Managers, dated as of the Date of Delivery, relating to the International Option Shares and otherwise to the same effect as the opinions required by Sections 5(b), (c), (d) and (e).

(d) At the Date of Delivery, you shall have received the favorable opinion of Davis Polk & Wardwell, counsel for the Managers, dated as of the Date of Delivery, relating to the U.S. Option Shares and otherwise to the same effect as the opinion required by Section 5(h).

(e) At the Date of Delivery, you shall have received a letter from Ernst & Young, in form and substance satisfactory to you and dated as of the Date of Delivery, to the effect that they reaffirm the statements made in the letter furnished pursuant to Section 5(m), except that the specified date referred to shall be a date not more than five days prior to the Date of Delivery.

(f) At the Date of Delivery, Davis Polk & Wardwell as counsel for the Managers shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the U.S. Option Shares as contemplated in this Agreement and the matters referred to in Section 6(d) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company at or prior to the Date of Delivery in connection with

the authorization, issuance and sale of the U.S. Option Shares as contemplated in this Agreement shall be reasonably satisfactory in form and substance to you and to Davis Polk & Wardwell as counsel for the Managers.

(g) At the Date of Delivery, the Company shall have consummated the Acquisition and, after giving effect to the Acquisition, is not in default under the 1992 Credit Agreement or any amendment thereto. The Company shall have provided to you and Davis Polk & Wardwell as counsel for the Managers copies of all documents with respect to the consummation of the Acquisition as you or Davis Polk & Wardwell may reasonably request.

Section 7. Indemnification. (h) The Company agrees, and the Selling Shareholders severally agree, to indemnify and hold harmless each U.S. Underwriter and each person, if any, who controls any U.S. Underwriter within the meaning of Section 15 of the 1933 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of an untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto) or the

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omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including, subject to the last sentence of Section 7(c), fees and disbursements of counsel chosen by you to represent the Managers), reasonably incurred in

investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that with respect to the indemnity provided by any Selling Shareholder, the indemnity shall only apply to information relating to such Selling Shareholder furnished or confirmed in writing by such Selling Shareholder for use in the Registration Statement (or any amendments thereto); and provided, further, that this indemnity does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished or confirmed in writing to the Company by or on behalf of any Underwriter through you or the International Representatives expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto); and provided further that the foregoing indemnification with respect to any untrue statement contained in or any omission from a preliminary prospectus shall not inure to the benefit of any U.S. Underwriter (or any person controlling such U.S. Underwriter) from whom the person asserting any such losses, claims, damages, liabilities, or expenses purchased any of the Offered Shares if a copy of the Prospectus (or the Prospectus as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such U.S. Underwriter to such person, if such is required by law, at or prior to the written confirmation of the sale of such Offered Shares to such person and the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage, liability or expense and provided further that in no event shall any Selling Shareholder be liable by reason of this Section 7 in an aggregate amount in excess of the gross proceeds to such Selling Shareholder from the sale of Offered Shares by such Selling Shareholder pursuant to this Agreement.

(b) Each U.S. Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, the Selling Shareholders and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 7(a), as

incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectuses (or any amendment or supplement

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thereto) in reliance upon and in conformity with information furnished or confirmed in writing to the Company by or on behalf of such U.S. Underwriter through you expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or such preliminary prospectus or the Prospectuses (or any amendment or supplement thereto).

(c) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

Section 8. Contribution. In order to provide for just and equitable contribution in circumstances under which the indemnity provided for in Section 7 is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company, the Selling Shareholders and the Managers shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity incurred by the Company, one or more of the Selling Shareholders and one or more of the Managers, as incurred, in such proportions that (a) the Managers are responsible for that portion represented by the percentage that the underwriting discount appearing on the cover page of the Prospectuses bears to the initial public offering price appearing thereon and (b) the Company and the Selling Shareholders are responsible for the balance (with the Company and each of the Selling Shareholders responsible in proportion to the net proceeds from the Offerings (as defined in the Registration Statement) (before deducting expenses) received by each of the Company and such Selling Shareholder); provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person,

if any, who controls a Manager within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as such Manager, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Company.

Section 9. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, indemnities, agreements and other statements of the Company, the Selling Shareholders and the Managers or their respective officers set forth in or made pursuant to this Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the Company, any of the Selling Shareholders or any Manager or controlling person and will survive delivery of and payment for the Offered Shares.

Section 10. Termination of Agreement. (a) You may terminate this Agreement, by notice to the Sellers, at any time at or prior to the Closing Time (i) if there has been, since the respective dates as of which information is given in the Registration Statement, any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or of EPIC and EPIC's Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or any outbreak of hostilities or escalation of existing hostilities or other calamity or crisis the effect of which is such as to make it, in your reasonable judgment, impracticable to market the International Shares or enforce contracts for the sale of the International Shares, or (iii) if trading in any securities of the Company has been suspended by the Commission, or if trading generally on

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the New York Stock Exchange or in the over-the-counter market has been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by such exchange or by order of the Commission or any other governmental authority, or (iv) if a banking moratorium has been declared by either federal or New York authorities.

(b) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party, except to the extent provided in Section 4. Notwithstanding any such termination, the provisions of Sections 7 and 8 shall remain in effect.

(c) This Agreement may also terminate pursuant to the provisions of Section 2(c), with the effect stated in such Section.

(d) If the U.S. Purchase Agreement shall terminate for any reason, this Agreement shall terminate.

Section 11. Default by One or More of the Managers. If one or more of the Managers shall fail at the Closing Time to purchase the Initial International Shares that it or they are obligated to purchase pursuant to this Agreement (the "Defaulted International Shares"), you shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Managers, or any other underwriters, to purchase all, but not less than all, of the Defaulted International Shares in such amounts as may be agreed upon and upon the terms set forth in this Agreement; if, however, you have not completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted International Shares does not exceed 10% of the total number of Initial International Shares, the non-defaulting Managers shall be obligated to purchase the full amount thereof in the proportions that their respective Initial International Share underwriting obligation proportions bear to the underwriting obligation proportions of all non-defaulting Managers, or

(b) if the number of Defaulted International Shares exceeds 10% of the total number of Initial International Shares, this Agreement shall terminate without liability on the part of any non-defaulting Manager.

No action taken pursuant to this Section shall relieve any defaulting Manager from liability in respect of its default.

In the event of any such default that does not result in a termination of this Agreement, either you or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectuses or in any other documents or arrangements. As used herein, the term "Manager" includes any person substituted for a Manager under this Section 11.

Section 12. Agreements of the Selling Shareholders. The Selling Shareholders severally agree with you and the Company:

(a) To pay or to cause to be paid all transfer taxes with respect to the Shares to be sold by the Selling Shareholders; and

(b) To take all reasonable actions in cooperation with the Company and Managers to cause the Registration Statement to become effective at the earliest possible time, to do and perform all things to be done and performed under this Agreement prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Shares pursuant to this Agreement.

Section 13. Default by the Company. If the Company shall

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fail at the Closing Time to sell and deliver the number of Offered Shares that it is obligated to sell, then this Agreement shall terminate without any liability on the part of any non-defaulting party except to the extent provided in Section 4 and except that the provisions of Sections 7 and 8 shall remain in effect.

No action taken pursuant to this Section shall relieve the Company from liability, if any, in respect of such default.

Section 14. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered, mailed or transmitted by any standard form of telecommunication (notices transmitted by telecopier to be promptly confirmed in writing). Notices to you or the Managers shall be directed to you c/o Merrill Lynch International Limited, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY, England, attention of Ms. Georgia May; and notices to the Company shall be directed to it at 4525 Harding Road, Nashville, Tennessee 37205 (telecopier no.: (615) 298-6377), attention of Philip D. Wheeler, Esq.

Section 15. Parties. This Agreement is made solely for the benefit of the several Managers and the Company and, to the extent expressed, any person controlling the Company or any of the Managers, and the directors of the Company, its officers who have signed the Registration Statement, and their respective executors, administrators, successors and assigns and, subject to the provisions of Section 11, no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser, from any of the several Managers of the International Shares. All of the obligations of the Managers hereunder are several and not joint.

Section 16. Representation of Co-Lead Managers. You will act for the several Managers in connection with this offering, and any action under or in respect of this Agreement taken by you as Co-Lead Managers will be binding upon all the Managers.

Section 17. Governing Law and Time. This Agreement shall be governed by the laws of the State of New York. Specified times of the day refer to New York City time.

Section 18. Counterparts. This Agreement may be executed in one or more counterparts and, when a counterpart has been executed by each party, all such counterparts taken together shall constitute one and the same agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement among the Company and the several Managers in accordance with its terms.

Very truly yours,

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

By:
____
Name:
Title:

EACH OF THE SELLING SHAREHOLDERS
NAMED IN SCHEDULE B HERETO

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By

____
Name:
Title: Attorney-in-Fact

Confirmed and accepted as of
the date first above written:

MERRILL LYNCH INTERNATIONAL LIMITED
DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

By: MERRILL LYNCH INTERNATIONAL
LIMITED

By:
____
Attorney-in-Fact

For themselves and as Co-Lead Managers of the other Managers named in Schedule A.

EXHIBIT A

HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(A DELAWARE CORPORATION)

1,244,081 SHARES

OF COMMON STOCK

INTERNATIONAL PRICE DETERMINATION AGREEMENT

April 28, 1994

MERRILL LYNCH INTERNATIONAL LIMITED
DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
As Representatives of the
several Managers
c/o Merrill Lynch International Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY
England

Ladies and Gentlemen:

Reference is made to the International Purchase Agreement dated April 28, 1994 (the "International Purchase Agreement") among Healthtrust, Inc. - - - The Hospital Company, a Delaware corporation (the "Company"), the Selling Shareholders named in Schedule I to the International Purchase Agreement (the "Selling Shareholders") and the several Managers named in Schedule A thereto or hereto (the "Managers"), for whom Merrill Lynch International Limited and Donaldson, Lufkin & Jenrette Securities Corporation are acting as Co-Lead Managers (the "Co-Lead Managers"). The International Purchase Agreement provides for the purchase by the Managers from the Company and the Selling Shareholders, subject to the terms and conditions set forth therein, of an

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aggregate of 1,244,081 shares (the "Initial International Shares") of the Company's common stock, par value $.001 per share. This Agreement is the International Price Determination Agreement referred to in the International Purchase Agreement.

Pursuant to Section 2 of the International Purchase Agreement, the undersigned agree with the Co-Lead Managers as follows:

1. The initial public offering price per share for the Initial International Shares shall be $28.25.

2. The purchase price per share for the Initial International Shares to be paid by the several Managers shall be $27.12, representing an amount equal to the initial public offering price set forth above, less $1.13 per share.

The Company represents and warrants to each of the Managers that the representations and warranties of the Company set forth in Section 1(a) of the International Purchase Agreement are accurate as though expressly made at and as of the date hereof.

The Selling Shareholders represent and warrant to each of the Managers that the representations and warranties set forth in Section 1(d) of the International Purchase Agreement are accurate as though expressly made at and as of the date hereof.

As contemplated by Section 2 of the International Purchase Agreement, attached as Schedule A is a completed list of the several Managers, which shall be a part of this Agreement and the International Purchase Agreement.

This Agreement shall be governed by the laws of the State of New York.

If the foregoing is in accordance with the understanding of the Co-Lead Managers of the agreement between the Managers and the Company, please sign and return to the Company a counterpart hereof, whereupon this instrument along with all counterparts and together with the International Purchase Agreement shall be a binding agreement among the Managers and the Company in accordance with its terms and the terms of the International Purchase Agreement.

Very truly yours,

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

By:______________________________
Name:
Title:

EACH OF THE SELLING SHAREHOLDERS
NAMED IN SCHEDULE B TO THE
INTERNATIONAL PURCHASE AGREEMENT

By:______________________________
Name:
Title: Attorney-in-Fact

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Confirmed and accepted as of
the date first above written:

MERRILL LYNCH INTERNATIONAL LIMITED
DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

By: MERRILL LYNCH INTERNATIONAL
LIMITED

By:________________________
Attorney-in-Fact

For themselves and as Co-Lead Managers of the other Managers named in Schedule A attached to the International Purchase Agreement

SCHEDULE A

MANAGER	NUMBER OF INITIAL INTERNATIONAL SHARES TO BE PURCHASED
Merrill Lynch International Limited	472,041
Donaldson, Lufkin & Jenrette Securities Corporation	472,040
ABN AMRO Bank N.V.	60,000
Deutsche Bank Aktiengesellschaft	60,000
Dresdner Bank Aktiengesellschaft	60,000
RBC Dominion Securities Inc.	60,000
Swiss Bank Corporation	60,000
Total	1,244,081

SCHEDULE B

SELLING SHAREHOLDER	SHARES OF COMMON STOCK TO BE SOLD TO THE U.S. UNDERWRITERS	SHARES OF COMMON STOCK TO BE SOLD TO THE INTERNATIONAL MANAGERS
Base Assets Trust	516,764	129,191
Commonwealth Life Insurance	77,600	19,400
Guaranty Reassurance Corporation	37,720	9,430
American Financial Corporation	22,632	5,658
Flexi-Van Leasing, Inc.	22,632	5,658
Donaldson, Lufkin & Jenrette Securities Corporation	16,700	4,175
Western Financial Savings Bank	15,088	3,772
Berkeley Atlantic Income Limited	11,316	2,829

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Comdisco, Inc.	11,316	2,829
Lexington Precision Corporation	11,316	2,829
Thomas Spiegel	11,316	2,829
EQJ Partnership	8,290	2,072
Equitable Life Assurance Society	6,400	1,600
Wolfson Equities.	6,000	1,500
American Capital High Yield Investments Inc.	4,795	1,199
John Chulick & Kathi Chulick	4,602	1,150
Berkeley Technology Investments Limited	4,526	1,132
General American Life Insurance Co.	3,772	943
National Western Life Insurance Co.	3,018	754
Universal Medical Buildings L.P.	3,000	750
South Ferry #2 L.P.	2,400	600
Christian Brothers Institute	2,263	566
Stephen Swid	2,263	566

</TABLE>

<TABLE>
<CAPTION>

SELLING SHAREHOLDER	SHARES OF COMMON STOCK TO BE SOLD TO THE U.S. UNDERWRITERS	SHARES OF COMMON STOCK TO BE SOLD TO THE INTERNATIONAL MANAGERS
<S>	<C>	<C>
The Westwood Group, Inc.	2,263	566
Worldwide Special Portfolio N.V.	2,263	566
American Capital Income Trust	2,129	532
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,509	377
Warren F. Langford Trust	1,056	264
Citizens Trust Company	754	189
American Capital Life Investment Trust	620	155
Total	816,323	204,081

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EXHIBIT 1.3

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HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(A DELAWARE CORPORATION)

$200,000,000

10 1/4% SUBORDINATED NOTES DUE 2004

PURCHASE AGREEMENT

Dated: APRIL 28, 1994

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HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(a Delaware corporation)

$200,000,000

10 1/4% Subordinated Notes due 2004

PURCHASE AGREEMENT

April 28, 1994

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DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
c/o Donaldson, Lufkin & Jenrette
Securities Corporation
140 Broadway
New York, New York 10005

Ladies and Gentlemen:

Healthtrust, Inc. - The Hospital Company, a Delaware corporation (the "Company"), proposes to issue and sell to the underwriters named in Schedule A (collectively, the "Underwriters") $200,000,000 aggregate principal amount of its 10 1/4% Subordinated Notes due 2004 (the "Securities"). Such Securities are to be sold to each Underwriter, acting severally and not jointly, in such amounts as are set forth in Schedule A opposite the name of such Underwriter. The Securities are to be issued pursuant to an indenture dated as of March 30, 1993 (the "Indenture") between the Company and The First National Bank of Boston, as trustee (the "Trustee"). The Securities and the Indenture are more fully described in the Prospectus referred to below.

The principal amount and certain terms of the Securities, and the purchase price of the Securities to be paid by the Underwriters, shall be agreed upon by the Company and the Underwriters, and such agreement shall be set forth in a separate written instrument substantially in the form of Exhibit A hereto (the "Price Determination Agreement"). The Price Determination Agreement may take the form of an exchange of any standard form of written telecommunication between the Company and the Underwriters and shall specify such applicable information as is indicated in Exhibit A hereto. The offering of the Securities will be governed by this Agreement, as supplemented by the Price Determination Agreement. From and

after the date of the execution and delivery of the Price Determination Agreement, this Agreement shall be deemed to incorporate, and all references herein to "this Agreement" or "herein" shall be deemed to include, the Price Determination Agreement.

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (File No. 33-52403) covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus or prospectuses, and either (A) has prepared and proposes to file, prior to the effective date of such registration statement, an amendment to such registration statement, including a final prospectus, or (B) if the Company has elected to rely upon Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"), will prepare and file a prospectus, in accordance with the provisions of Rule 430A and Rule 424(b) ("Rule 424(b)") of the 1933 Act Regulations, promptly after execution and delivery of the Price Determination

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Agreement. The information, if any, included in such prospectus that was omitted from the prospectus included in such registration statement at the time it becomes effective but that is deemed, pursuant to Rule 430A(b), to be part of such registration statement at the time it becomes effective is referred to herein as the "Rule 430A Information". Each prospectus used before the time such registration statement becomes effective and any prospectus that omits the Rule 430A Information that is used after such effectiveness and prior to the execution and delivery of the Price Determination Agreement, is herein called a "preliminary prospectus". Such registration statement, including the exhibits thereto, as amended at the time it becomes effective and including, if applicable, the Rule 430A Information, is herein called the "Registration Statement", and the prospectus included in the Registration Statement at the time it becomes effective is herein called the "Prospectus", except that, if the final prospectus first furnished to the Underwriters after the execution of the Price Determination Agreement for use in connection with the offering of the Securities differs from the prospectus included in the Registration Statement at the time it becomes effective (whether or not such prospectus is required to be filed pursuant to Rule 424(b)), the term "Prospectus" shall refer to the final prospectus first furnished to the Underwriters for such use.

The Company understands that the Underwriters propose to make a public offering of the Securities as soon

as you deem advisable after the Registration Statement becomes effective, the Price Determination Agreement has been executed and delivered and the Indenture has been qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act").

The parties hereto further acknowledge that for purposes of this Agreement, the "Company" and the "Company's Subsidiaries" shall refer to the Company and the Company's subsidiaries on the date of this Agreement.

Section 1. Representations and Warranties. (a) The Company represents and warrants to and agrees with each of the Underwriters that:

(i) When the Registration Statement shall become effective, if the Company has elected to rely upon Rule 430A, on the date of the Price Determination Agreement, on the effective or issue date of each amendment or supplement to the Registration Statement or the Prospectus, and at the Closing Time referred to below, (A) the Registration Statement and any amendments and supplements thereto will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations; (B) neither the Registration Statement nor any amendment or supplement thereto will contain an untrue

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statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (C) neither the Prospectus nor any amendment or supplement thereto will include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, this representation and warranty does not apply to statements or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished or confirmed in writing to the Company by or on behalf of any Underwriter expressly for use in the Registration Statement or the Prospectus or to the Statement of Eligibility of the Trustee on form T-1 filed with the Commission as part of the Registration Statement.

(ii) This Agreement has been duly authorized, executed and delivered by the Company.

(iii) The consolidated financial statements of the Company included in the Registration Statement present fairly the consolidated financial position of

the Company and the Company's Subsidiaries (as hereinafter defined) as of the dates indicated and the consolidated statements of operations, stockholders' equity and cash flows of the Company and the Company's Subsidiaries for the periods specified. Except as otherwise stated in the Registration Statement, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved. The financial statement schedules, if any, included in the Registration Statement present fairly the information required to be stated therein. The pro forma financial statements and other pro forma financial information included in the Prospectus present fairly the information shown therein, have been prepared in all material respects in accordance with the Commission's rules and guidelines with respect to pro forma financial statements, have been properly compiled on the pro forma bases described therein, and, in the opinion of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein.

(iv) To the Company's knowledge, the consolidated financial statements of EPIC Holdings, Inc. ("EPIC") and EPIC's subsidiaries (including the financial statements of EPIC Healthcare Group, Inc. ("EPIC Group"), EPIC's wholly-owned subsidiary) included in the

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Registration Statement present fairly the consolidated financial position of EPIC and EPIC's Subsidiaries (as hereinafter defined) as of the dates indicated and the consolidated statements of operations, stockholders' equity (deficit) and cash flows of EPIC and EPIC's Subsidiaries for the periods specified. To the Company's knowledge, except as otherwise stated in the Registration Statement, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved.

(v) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus; and the Company is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts

business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(vi) To the Company's knowledge, EPIC is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus; and EPIC is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on EPIC and EPIC's Subsidiaries, considered as one enterprise.

(vii) Each of the Company's subsidiaries (collectively, the "Company's Subsidiaries") is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus; and each of the Company's Subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to

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so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise. Except as set forth in the Registration Statement, all of the outstanding shares of capital stock of each of the Company's Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Company, directly or through one or more Subsidiaries, free and clear of any pledge, lien, perfected security interest, claim or encumbrance of any kind or, to the knowledge of the Company, any unperfected security interest.

(viii) To the Company's knowledge, each of EPIC's subsidiaries (collectively, "EPIC's Subsidiaries") is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its

incorporation with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus; and each of EPIC's Subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on EPIC and EPIC's Subsidiaries, considered as one enterprise. To the Company's knowledge, except as set forth in the Registration Statement, all of the outstanding shares of capital stock of each of EPIC's Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and except as set forth in the Disclosure Schedule (as hereinafter defined), are owned by EPIC, directly or through one or more Subsidiaries, free and clear of any pledge, lien, perfected security interest, claim or encumbrance of any kind or, to the knowledge of the Company, any unperfected security interest.

(ix) The Indenture has been duly authorized by the Company, will be substantially in the form heretofore delivered to you and, when duly executed and delivered by the Company and, assuming due authentication by the Trustee, will constitute a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in

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equity or at law); and the Indenture conforms in all material respects to the description thereof contained in the Prospectus.

(x) The Securities have been duly authorized by the Company. When executed, authenticated, issued and delivered in the manner provided for in the Indenture and sold and paid for as provided in this Agreement, the Securities will constitute valid and binding obligations of the Company entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting enforcement of creditors' rights generally and except

as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or law); and the Securities conform in all material respect to the description thereof contained in the Prospectus.

(xi) All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable.

(xii) To the Company's knowledge, all of the outstanding shares of capital stock of EPIC have been duly authorized and validly issued and are fully paid and non-assessable and none of the outstanding shares of Common Stock of EPIC was issued in violation of the preemptive or other similar rights of any stockholder of EPIC arising by operation of law, under the charter and bylaws of EPIC or under any agreement to which EPIC or any of EPIC's Subsidiaries is a party.

(xiii) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein or contemplated thereby, there has not been any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business.

(xiv) To the Company's knowledge, since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein or contemplated thereby, there has not been (A) any change in the condition (financial or otherwise), earnings or business affairs of EPIC or EPIC's Subsidiaries that would be material and adverse to the Company, its

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Subsidiaries, EPIC and EPIC's Subsidiaries, considered as one enterprise (the "Combined Company"), whether or not arising in the ordinary course of business, or (B) any dividend or distribution of any kind declared, paid or made by EPIC on its capital stock.

(xv) Neither the Company nor any of the Company's Subsidiaries is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is

subject, except as disclosed in the Prospectus and except for such defaults that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise. The execution and delivery of this Agreement and the Indenture by the Company, the issuance and delivery of the Securities, the consummation by the Company of the transactions contemplated in this Agreement and the consummation of the Acquisition, the sale of the Offered Shares, the Tender Offers, the Debt Redemption, 1994 Credit Agreement and the transactions described in the ESOP Agreement (all as defined in the Registration Statement) and compliance by the Company with the terms of this Agreement and the Indenture have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company or any of the Company's Subsidiaries, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any property or assets of the Company or any of the Company's Subsidiaries under (A) any indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company or any of the Company's Subsidiaries is a party or by which it is bound or to which any of its properties is subject (assuming that the amendment to the Credit Agreement dated as of September 29, 1992 among the Company and the financial institutions named therein is effective at the time of the Acquisition), or (B) any existing applicable law (including any environmental law), rule, regulation, judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over the Company or any of the Company's Subsidiaries or any of their respective properties, in each case, except as disclosed in the Prospectus and except for such conflicts, breaches or defaults or liens or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs

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of the Company and the Company's Subsidiaries, considered as one enterprise.

(xvi) To the Company's knowledge, neither EPIC nor any of EPIC's Subsidiaries is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or

other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, except as disclosed in the Prospectus and except for such defaults that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of EPIC and EPIC's Subsidiaries, considered as one enterprise. To the Company's knowledge, the consummation by EPIC of the transactions contemplated in this Agreement and in the ESOP Agreement and the consummation of the Acquisition and the Tender Offers have been duly authorized by all necessary corporate action on the part of EPIC and the consummation of the foregoing and the Debt Redemption do not and will not result in any violation of the charter or by-laws of EPIC or any of EPIC's Subsidiaries, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any property or assets of EPIC or any of EPIC's Subsidiaries under (A) any indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which EPIC or any of EPIC's Subsidiaries is a party or by which it is bound or to which any of its properties is subject, or (B) any existing applicable law (including any environmental law), rule, regulation, judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over EPIC or any of EPIC's Subsidiaries or any of their respective properties, in each case, except as disclosed in the Prospectus and except for such conflicts, breaches or defaults or liens or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company.

(xvii) Except as disclosed in the Registration Statement, no authorization, approval, consent or license of any government, governmental instrumentality or court (other than under the 1933 Act and the 1933 Act Regulations, the 1939 Act and the rules and regulations of the Commission under the 1939 Act (the "1939 Act Regulations") and the securities or blue sky laws of the various states) is required for the valid issuance, sale and delivery of the Securities, for the execution, delivery or performance of the

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Indenture by the Company or for the consummation by the Company of the transactions described in the Prospectus under the caption "The Acquisition and the Financing Plan".

(xviii) Except as disclosed in the Prospectus, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, now pending or, to the knowledge of the Company, threatened against or affecting the Company or any of the Company's Subsidiaries that is required to be disclosed in the Prospectus or that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement and described in the Registration Statement under the caption "The Acquisition and the Financing Plan".

(xix) To the Company's knowledge, except as disclosed in the Prospectus, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, now pending or, to the knowledge of the Company, threatened against or affecting EPIC or any of EPIC's Subsidiaries that is required to be disclosed in the Prospectus or that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Combined Company, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement and described in the Registration Statement under the caption "The Acquisition and the Financing Plan".

(xx) In the Company's judgment, there are no contracts or documents of a character required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described and filed as required.

(xxi) Each of the Company and the Company's Subsidiaries own or possess all governmental licenses, permits, certificates (including, without limitation, certificate of need approvals and certification under the Medicare program), consents, orders, approvals and other authorizations (collectively, "Governmental Licenses") necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such Governmental Licenses could reasonably be expected to not have a material adverse

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effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, and neither the Company nor any of the Company's Subsidiaries has received any notice of proceedings relating to revocation or modification of any such Governmental Licenses that, in the aggregate, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise. All of the hospitals operated by the Company and the Company's Subsidiaries are "providers of services" as defined in the Social Security Act and the regulations promulgated thereunder, and are eligible to participate in the Medicare program, except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Company and the Company's Subsidiaries, taken as one enterprise.

(xxii) To the Company's knowledge, each of EPIC and EPIC's Subsidiaries own or possess all governmental licenses, permits, certificates (including, without limitation, certificate of need approvals and certification under the Medicare program), consents, orders, approvals and other authorizations (collectively, "Governmental Licenses") necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such Governmental Licenses could reasonably be expected to not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company, and neither EPIC nor any of EPIC's Subsidiaries has received any notice of proceedings relating to revocation or modification of any such Governmental Licenses that, in the aggregate, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company. To the Company's knowledge, all of the hospitals operated by EPIC and EPIC's Subsidiaries are "providers of services" as defined in the Social Security Act and the regulations promulgated thereunder, and are eligible to participate in the Medicare program, except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

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(xxiii) The Company has not taken and will not take, directly or indirectly, any action designed to cause or result in stabilization or manipulation of the price of the Securities; and the Company has not distributed and will not distribute any prospectus (as such term is defined in the 1933 Act and the 1933 Act Regulations) in connection with the offering and sale of the Securities other than any preliminary prospectus filed with the Commission or the Prospectus or other material permitted by the 1933 Act or the 1933 Act Regulations.

(xxiv) Except as disclosed in the Prospectus, all United States federal income tax returns of the Company and the Company's Subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except tax assessments, if any, as are being contested in good faith and as to which adequate reserves have been provided, in each case except as would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise. Except as disclosed in the Prospectus, all other franchise and income tax returns of the Company and the Company's Subsidiaries required to be filed pursuant to applicable foreign, state or local law have been filed, except insofar as the failure to file such returns would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, and all taxes shown on such returns or otherwise assessed which are due and payable have been paid, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. To the best of the Company's knowledge, the charges, accruals and reserves on the books of the Company and the Company's Subsidiaries in respect of any income and corporate franchise tax liability for any years not finally determined are adequate to meet any assessments or reassessments for additional income or corporate franchise tax for any years not finally determined, except as disclosed in the Prospectus and except to the extent of any inadequacy that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise.

(xxv) To the Company's knowledge, except as disclosed in the Prospectus, all United States federal income tax returns of EPIC and

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EPIC's Subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except tax assessments, if any, as are being contested in good faith and as to which adequate reserves have been provided, in each case except as would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company. To the Company's knowledge, except as disclosed in the Prospectus, all other franchise and income tax returns of EPIC and EPIC's Subsidiaries required to be filed pursuant to applicable foreign, state or local law have been filed, except insofar as the failure to file such returns would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company, and all taxes shown on such returns or otherwise assessed which are due and payable have been paid, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided, in each case except as would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company. To the Company's knowledge, the charges, accruals and reserves on the books of EPIC and EPIC's Subsidiaries in respect of any income and corporate franchise tax liability for any years not finally determined are adequate to meet any assessments or reassessments for additional income or corporate franchise tax for any years not finally determined, except as disclosed in the Prospectus and except to the extent of any inadequacy that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Combined Company.

(xxvi) To the Company's knowledge, EPIC's Employee Stock Ownership Plan (the "EPIC ESOP") and the trust created pursuant to the Trust Agreement for the EPIC ESOP between EPIC Group and U.S. Trust Company of California, N.A., as trustee under the EPIC ESOP (the "EPIC Trustee"), dated as of September 30, 1988 (the "EPIC ESOP Trust"), meet all applicable requirements of qualification and exemption from taxation under Sections 401(a) and 501(a), respectively, of the Internal Revenue Code of 1986, as amended (the "Code"), except as would not have a material adverse effect on

the condition (financial or other), earnings or business affairs of the Combined Company.

(xxvii) To the Company's knowledge, the EPIC ESOP constitutes an "employee stock ownership plan," as defined in Section 4975(e)(7) of the Code and the Treasury Regulations promulgated thereunder, and as defined in Section 407(d)(6) of the Employee Retirement Income

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Security Act of 1974, as amended ("ERISA").

(xxviii) To the Company's knowledge, each of the loans to the EPIC ESOP Trust pursuant to the EPIC ESOP Loan Agreement and the Substitute EPIC ESOP Loan Agreement, each between EPIC Group and the EPIC ESOP Trustee and dated as of September 30, 1988 and July 30, 1991, respectively (collectively, the "ESOP Loan Agreements"), and each of the pledges of shares of EPIC Group Common Stock, par value $.01 per share (the "EPIC Group Common Stock"), by the EPIC ESOP Trust pursuant to the Pledge Agreement and the Amendment to the Pledge Agreement, each between EPIC Group and the EPIC ESOP Trustee and dated as of September 30, 1988 and July 30, 1991, respectively (collectively, the "EPIC ESOP Pledge Agreements"), satisfies the requirements of Section 4975(d)(3) of the Code and Section 408(b)(3) of ERISA, and will not subject EPIC to a tax imposed under Section 4975 of the Code or a civil penalty assessed under Section 502(i) of ERISA, in each case except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxix) To the Company's knowledge, the EPIC Common Stock is a "qualifying employer security," within the meaning of Section 4975(e)(8) of the Code and Section 407(d)(5) of ERISA, except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxx) To the Company's knowledge, the sales of shares of EPIC Group Common Stock to the EPIC ESOP Trust pursuant to the Subscription Agreement between EPIC Group and the EPIC ESOP Trustee (the "EPIC ESOP Subscription Agreement"), satisfies the requirements of Section 4975(d)(13) of the Code and Section 408(e) of ERISA, and will not subject EPIC to a tax imposed under Section 4975 of the Code or a civil penalty assessed under Section 502(i) of ERISA, in each case except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxxi) To the Company's knowledge, and except as disclosed in the Prospectus, no opinion, correspondence or other communication, whether written or otherwise, has been received by EPIC or any of its agents, affiliates, associates, officers or directors, or any fiduciary of the EPIC ESOP, from the United States Department of Labor, the Internal Revenue Service or any other Federal or state governmental or regulatory agency, body or authority, to the effect that either of the loans to the EPIC ESOP Trust pursuant to the EPIC

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ESOP Loan Agreements, either of the pledges of shares of EPIC Group Common Stock by the EPIC ESOP Trust pursuant to the EPIC ESOP Pledge Agreements or the sales of shares of EPIC Group Common Stock to the EPIC ESOP Trust pursuant to the EPIC ESOP Subscription Agreement may or will constitute a violation of or result in any liability under ERISA or the Code, in each case except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(xxxii) None of the transactions contemplated by the ESOP Agreement should constitute a material violation of or result in any material liability under ERISA or the Code (including, without limitation, any tax under Section 4978B of the Code), except as would not have a material adverse effect on the condition (financial or other), earnings or business affairs of the Combined Company.

(b) Any certificate signed by any officer of the Company and delivered to you or to Davis Polk & Wardwell as counsel for the Underwriters pursuant to this Agreement or at the Closing contemplated hereby shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

(c) Representations and warranties in this Agreement which are given "to the Company's knowledge" are based solely upon (i) the Company's actual knowledge and (ii) the representations and warranties of EPIC set forth in the Merger Agreement, dated as of January 9, 1994, among the Company, Odyssey Acquisition Corp. and EPIC (the "Merger Agreement"). For purposes of this Agreement, "Disclosure Schedule" means the disclosure schedule of EPIC relating to the Merger Agreement.

Section 2. Sale and Delivery to the Underwriters; Closing.

(a) On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Company agrees to sell to

each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company, at the purchase price to be agreed upon by the Underwriters and the Company in accordance with Section 2(b) or 2(c) and set forth in the Price Determination Agreement, the principal amount of Securities set forth opposite the name of such Underwriter in Schedule A. If the Company elects to rely on Rule 430A, Schedule A may be attached to the Price Determination Agreement.

(b) If the Company has elected not to rely upon Rule 430A, the initial public offering price of the Securities, the purchase price

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of the Securities to be paid by the several Underwriters and certain other principal terms of the Securities shall be agreed upon and set forth in the Price Determination Agreement, dated the date hereof, and an amendment to the Registration Statement containing such per share price information will be filed before the Registration Statement becomes effective.

(c) If the Company has elected to rely upon Rule 430A, the initial public offering price of the Securities, the purchase price of the Securities to be paid by the several Underwriters and certain other principal terms of the Securities shall be agreed upon and set forth in the Price Determination Agreement. In the event that the Price Determination Agreement has not been executed by the close of business on the fourth business day following the date on which the Registration Statement becomes effective, this Agreement shall terminate forthwith, without liability of any party to any other party except that Sections 6 and 7 shall remain in effect.

(d) Payment of the purchase price for, and delivery of certificates for, the Securities shall be made at the offices of Dewey Ballantine, 1301 Avenue of the Americas, New York, New York 10019, or at such other place as shall be agreed upon by the Company and you, at 10:00 A.M. either (i) on the fifth full business day after the effective date of the Registration Statement, or (ii) if the Company has elected to rely upon Rule 430A, the fifth full business day after execution of the Price Determination Agreement (unless, in either case, postponed pursuant to Section 10), or at such other time not more than ten full business days thereafter as you and the Company shall determine (such date and time of payment and delivery being herein called the "Closing Time"). Payment shall be made to the Company by certified or official bank check or checks in New York Clearing House funds payable to the order of the Company against delivery to the respective accounts of the several Underwriters of certificates for the Securities.

(e) Certificates for the Securities shall be in such denominations ($1,000 or an integral multiple thereof) and registered in such names as you may request in writing at least two full business days before the Closing Time. The certificates for the Securities, which may be in temporary form, will be made available in New York City for examination and packaging by you not later than 10:00 A.M. on the business day prior to the Closing Time.

(f) It is understood that the obligations of the Company to sell the Securities being sold by it hereunder are subject to the consummation of the Acquisition (as defined in the Registration Statement). If the Acquisition is not consummated, this Agreement may be terminated by the Company upon notice to the Underwriters at or prior to the Closing Time, and such Termination shall be without liability of any party to any other party except as provided in Section 4 herein. Notwithstanding any such termination,

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the provisions of Sections 6 and 7 herein shall remain in effect.

Section 3. Certain Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) The Company will use its best efforts to cause the Registration Statement to become effective and, if the Company elects to rely upon Rule 430A and subject to Section 3(b), will comply in all material respects with the requirements of Rule 430A and will notify you promptly, (i) when the Registration Statement, or any post-effective amendment to the Registration Statement, shall have become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission to amend the Registration Statement or amend or supplement the Prospectus or for additional information and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes. The Company will make every reasonable effort to prevent the issuance of any such stop order or of any order preventing or suspending such use and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) The Company will not at any time file or make any amendment to the Registration Statement, or any amendment or supplement (i) if the Company has not elected to rely upon Rule 430A, to the Prospectus or (ii) if the Company has elected to rely upon Rule 430A, to either the prospectus included in the Registration Statement at the time it becomes effective or to the Prospectus, of which you shall not have previously been advised and furnished a copy or to which you or Davis Polk & Wardwell as counsel for the Underwriters shall have promptly and reasonably objected in writing.

(c) The Company has furnished or will furnish to you and Davis Polk & Wardwell as counsel for the Underwriters, without charge, as many signed copies (as reasonably requested) of the Registration Statement as originally filed and of all amendments thereto, whether filed before or after the Registration Statement becomes effective, copies of all exhibits and documents filed therewith and signed copies of all consents and certificates of experts, as you may reasonably request and has furnished or will furnish to you, for each other Underwriter, one conformed copy of the Registration Statement as

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originally filed and each amendment thereto (without exhibits).

(d) The Company will deliver to each Underwriter, without charge, from time to time until the effective date of the Registration Statement (or, if the Company has elected to rely upon Rule 430A, until the time the Price Determination Agreement is executed and delivered), as many copies of each preliminary prospectus as such Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will deliver to each Underwriter, without charge, as soon as the Registration Statement shall have become effective (or, if the Company has elected to rely upon Rule 430A, as soon as practicable after the Price Determination Agreement has been executed and delivered) and thereafter from time to time as requested during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as supplemented or amended) as such Underwriter may reasonably request.

(e) The Company will comply in all material respects with the 1933 Act and the 1933 Act Regulations, the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder and the 1939 Act and the 1939 Act

Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or counsel for the Company, to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of either such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such untrue statement or omission or to make the Registration Statement or the Prospectus comply with such requirements.

(f) The Company will endeavor, in cooperation with the Underwriters, to qualify the Securities for offering and sale under

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the applicable securities laws of such states and other jurisdictions as the Company and you may mutually agree upon and to maintain such qualifications in effect for a period of not less than one year from the effective date of the Registration Statement; provided, however, that neither the Company nor any of the Company's Subsidiaries shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Company will file such statements and reports as may be required by the laws of each such jurisdiction to maintain the qualification of the Securities as above provided.

(g) The Company will make generally available to its security holders as soon as practicable, but not later than 60 days after the close of the period covered thereby, an earnings statement of the Company (in form complying with the provisions of Rule 158 of the 1933 Act Regulations), covering a period of 12 months beginning after the effective date of the

Registration Statement but not later than the first day of the Company's fiscal quarter next following such effective date.

(h) If the Company has elected to rely upon Rule 430A, it will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus.

(i) The Company, with respect to the offering of the Securities, has complied and will comply with all of the provisions of Florida H.B. 1771, codified as Section 517.075 of the Florida Statutes, and all regulations promulgated thereunder relating to issuers doing business with Cuba.

Section 4. Payment of Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (a) the printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, the preliminary prospectus or prospectuses and the Prospectus and any amendments or supplements thereto, and the cost of furnishing copies thereof to the Underwriters, (b) the printing and distribution of this Agreement (including the Price Determination Agreement), the Indenture, the certificates for the Securities and the Blue Sky Survey, (c) the delivery of the certificates for the Securities to the Underwriters, (d) the fees and disbursements of the

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Company's counsel and accountants, (e) the qualification of the Securities under the applicable securities laws in accordance with Section 3(f) and any filing for review of the offering with the National Association of Securities Dealers, Inc., including filing fees and reasonable fees and disbursements of Davis Polk & Wardwell as counsel for the Underwriters, in connection with such qualification of the Securities and the Blue Sky Survey, (f) any fees charged by the rating agencies for rating the Securities, and (g) the fees and expenses of the Trustee, including the fees and disbursements of counsel for the Trustee, in connection with the Indenture and the Securities.

If this Agreement is terminated by you in accordance with the provisions of Section 5, 9(a)(i) or 11, or by the Company in accordance with the provisions of Section 2(f), the Company shall reimburse the Underwriters for all their reasonable out-of-pocket expenses, including

the reasonable fees and disbursements of Davis Polk & Wardwell as counsel for the Underwriters.

Section 5. Conditions of Underwriters' Obligations. In addition to the execution and delivery of the Price Determination Agreement, the obligations of the several Underwriters to purchase and pay for the Securities that they have respectively agreed to purchase hereunder are subject to the accuracy of the representations and warranties of the Company contained herein (including those contained in the Price Determination Agreement) or in certificates of the Company's officers delivered pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder, and to the following further conditions:

(a) The Registration Statement shall have become effective not later than 5:30 P.M. on the date of this Agreement or, with your consent, at a later time and date not later, however, than 5:30 P.M. on the first business day following the date hereof, or at such later time or on such later date as you may agree to in writing; and at the Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or the knowledge of the Company, shall have been threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of Davis Polk & Wardwell as counsel for the Underwriters. If the Company has elected to rely upon Rule 430A, a prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance

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with the requirements of Rule 430A).

(b) At the Closing Time, you shall have received a signed opinion of Dewey Ballantine, counsel for the Company, dated as of the Closing Time, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel for the Underwriters, to the effect that:

(i) This Agreement has been duly authorized, executed and delivered by the Company.

(ii) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus.

(iii) The Indenture has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(iv) The Securities have been duly authorized by the Company and, assuming that the Securities have been duly authenticated by the Trustee in the manner described in its certificate delivered to you today (which fact such counsel need not determine by an inspection of the Securities), the Securities have been duly executed, issued and delivered by the Company and constitute valid and binding obligations of the Company entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(v) The Indenture has been duly qualified under

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the 1939 Act.

(vi) The Securities and the Indenture conform in all material respects to the descriptions thereof contained in the Prospectus.

(vii) To the knowledge of such counsel, no authorization, approval, consent or license of any government, governmental instrumentality or court (other than under the 1933 Act and the 1933 Act

Regulations, the 1939 Act and 1939 Act Regulations, the Trust Indenture Act and the securities or blue sky laws of the various states), is required for the valid issuance, sale and delivery of the Securities for the execution, delivery or performance of the Indenture by the Company.

(viii) Such counsel has been informed by the Commission that the Registration Statement is effective under the 1933 Act; any required filing of the Prospectus or any supplement thereto pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or have been threatened by the Commission under the 1933 Act.

(ix) The Registration Statement (including the Rule 430A Information, if applicable), the Prospectus and each amendment or supplement to the Registration Statement and the Prospectus, as of their respective effective or issue dates (in each case, except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom and the Statement of Eligibility of the Trustee on Form T-1 as to which such counsel need express no opinion), comply as to form in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations.

(x) The Company is not an investment company under the Investment Company Act of 1940.

(xi) The transactions contemplated in the Prospectuses under the heading "The Acquisition and the Financing Plan", to

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the extent described therein, have been duly authorized by the Company; to the knowledge of such counsel, all of the necessary consents to consummate such transactions have been obtained (other than the consent of EPIC and its Subsidiaries with respect to the Debt Redemption and other than as disclosed in the Registration Statement), except where the failure to obtain such consents would not have a material adverse effect on the consummation of the Acquisition and the Financing Plan; to the

knowledge of such counsel, there has not been any violation on the part of the Company of any of the terms of such consents which violation would materially and adversely affect the consummation of the Acquisition and the Financing Plan; and to the knowledge of such counsel, except as disclosed in the Registration Statement there is no pending or, threatened legal or governmental proceedings with respect to any of the consents or the transactions described in the Prospectus under the caption "The Acquisition and the Financing Plan" that, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the consummation of the Acquisition and the Financing Plan.

In addition, such opinion shall state that such counsel has participated in the preparation of the Registration Statement and Prospectus and in conferences with officers and other representatives of the Company, and your representatives and your counsel at which the contents of the Registration Statement, the Prospectus and related matters were discussed and, although such counsel need not undertake to determine independently nor pass upon or assume any responsibility, explicitly or implicitly, for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus on the basis of and subject to the foregoing, no facts have come to the attention of such counsel to lead such counsel to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Statement of Eligibility of the Trustee on Form T-1, as to which such counsel need express no opinion), as of the date the Registration Statement or any such amendment became effective, contained an untrue statement of a

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material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) that the Prospectus or any amendment or supplement thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro

forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Statement of Eligibility of the Trustee on Form T-1, as to which such counsel need express no opinion), at the time the Prospectus was issued, at the time any such amended or supplemented Prospectus was issued or at the Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Company's Subsidiaries and certificates of public officials.

(c) At the Closing Time, you shall have received a signed opinion of Philip D. Wheeler, General Counsel for the Company, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other U.S. Underwriters, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the Underwriters, to the effect that:

(i) The Company is duly qualified to transact business as a foreign corporation and is in good standing in each jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(ii) Each of the Company's Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation with corporate power under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus, or except to the extent that the failure to be in good standing would not have a material

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adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(iii) Each of the Company's Subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise.

(iv) The Securities have been duly authorized by the Company and assuming that the Securities have been authenticated by the Trustee in the manner described in its certificate delivered to you today (which fact such counsel need not determine by an inspection of the Securities), the Securities have been duly executed, issued and delivered by the Company and constitute valid and binding obligations of the Company entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(v) All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable.

(vi) Based solely on an examination of relevant minute books and stock records, except as disclosed in the Prospectus, all of the outstanding shares of capital stock of each of the Company's Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable.

(vii) Such counsel does not know of any statutes or regulations, or any pending or threatened legal or governmental proceedings, required to be described in the Prospectus that are not described as required, nor of any contracts or documents of a character required to be described in the Registration Statement or the Prospectus or to be filed

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as exhibits to the

Registration Statement that are not described or filed as required.

(viii) The statements made in the Prospectus under "Reimbursement and Regulation", to the extent that they constitute matters of law or legal conclusions, have been reviewed by such counsel and fairly present the information disclosed therein in all material respects.

(ix) The execution and delivery of this Agreement and the Indenture by the Company, the issuance and delivery of the Securities by the Company, the consummation by the Company of the Acquisition, the Common Stock Offering, the Tender Offers, the Debt Redemption, the 1994 Credit Agreement and the transactions described in the ESOP Agreement and compliance by the Company with the terms of this Agreement and the Indenture have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company or any of the Company's Subsidiaries, and, to the knowledge of such counsel, do not and will not conflict with, or constitute a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any property or assets of the Company or any of the Company's Subsidiaries under (A) any indenture, mortgage or loan agreement or any other agreement or instrument to which the Company or any of the Company's Subsidiaries is a party or by which it may be bound or to which any of their respective properties may be subject, (B) any existing applicable law, rule or regulation (other than the securities or blue sky laws of the various states, as to which such counsel need express no opinion), or (C) any judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over the Company or any of the Company's Subsidiaries or any of their respective properties, in each case, except as disclosed in the Prospectus, and except for such conflicts, breaches or defaults or liens or encumbrances that would not have a material adverse effect on the Company and the Company's Subsidiaries, considered as one enterprise. Such counsel need express no opinion, however, as to whether the execution, delivery and performance by the Company of this Agreement or

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the consummation by the Company of the Acquisition, the Common Stock Offering, the Tender Offers, the Debt Redemption, the 1994 Credit Agreement and the transactions described in the ESOP Agreement will constitute a violation of, or default under, any financial covenant or financial ratios contained in any of the agreements referred to in the preceding sentence.

In addition, such opinion shall state that such counsel has participated in the preparation of the Registration Statement and Prospectus and in conferences with officers and other representatives of the Company, and your representatives and your counsel at which the contents of the Registration Statement, the Prospectus and related matters were discussed and, although such counsel need not undertake to determine independently nor pass upon or assume any responsibility, explicitly or implicitly, for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus, on the basis of and subject to the foregoing, no facts have come to the attention of such counsel to lead such counsel to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Statement of Eligibility of the Trustee on Form T-1, as to which such counsel need express no opinion), as of the date the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) that the Prospectus or any amendment or supplement thereto (except for the financial statements, supporting schedules and other financial or statistical data included therein or omitted therefrom including without limitation the pro forma financial information, and except for the information set forth under the caption "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Statement of Eligibility of the Trustee on Form T-1, as to which such counsel need express no opinion), at the time the Prospectus was issued, at the time any such amended or

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supplemented prospectus was issued or at the Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Company's Subsidiaries and certificates of public officials.

(d) At the Closing Time, you shall have received a signed opinion of Stanley F. Baldwin, Esq., general counsel for EPIC, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other U.S. Underwriters, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the U.S. Underwriters, substantially to the effect set forth in Section 7.02(g) of the Merger Agreement. The parties hereto acknowledge and agree that no personal liability to Stanley F. Baldwin shall attach to the rendering of such opinion.

Such counsel may state that, insofar as such opinion involves factual matters, he has relied, to the extent he deems proper, upon certificates of officers of EPIC and EPIC's Subsidiaries and certificates of public officials.

(e) At the Closing Time, you shall have received a signed opinion of Johnson & Gibbs, P.C. (or its successor), counsel for EPIC, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other U.S. Underwriters, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the U.S. Underwriters, substantially in the form and to the effect set forth in Section 7.02(f) of the Merger Agreement and to the effect that:

such firm has represented EPIC in connection with the transactions contemplated by the Merger Agreement and, although such firm has not verified, is not passing upon and does not assume any responsibility for, the accuracy, completeness or fairness of any statements contained in the Registration Statement or the Prospectus, on the

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basis of the knowledge of such firm in connection with such representation (relying as to materiality to a large extent upon the opinions of officers and other representatives of EPIC, without independent check or verification), no fact has come to their attention that has led them to believe that the section of the Prospectuses under the heading "EPIC Management's Discussion and Analysis of Financial Condition and Results of Operations" contained an untrue statement of a material fact or omitted to state a material fact required to be stated in such section or necessary to make the statements in such section, in light of the circumstances under which they were made, not misleading. In making the foregoing statements in this paragraph, such firm expresses no opinion, belief or comment with respect to any financial data or information included or incorporated by reference in the aforementioned section of the Prospectuses. Such firm may advise you that it has not participated in any respect in connection with the preparation of such Prospectuses, the Registration Statements with respect thereto or the Forms 10-K or 10-Q of EPIC from which the information contained in the sections referred to above has been derived.

(f) At the Closing Time, you shall have received signed opinions of Dewey Ballantine and Johnson & Gibbs, P.C. (or its successor), dated as of the Closing Time, together with reproduced copies of such opinion for each of the other Underwriters, in form and substance reasonably satisfactory to Davis Polk & Wardwell as counsel to the U.S. Underwriters, to the effect that neither of (i) the discharge of that portion of the principal amount of EPIC's loans to the EPIC ESOP Trust that exceeds the fair market value of the shares of the EPIC Common Stock transferred by the EPIC Trustee to EPIC, or (ii) the transfer by the EPIC Trustee to EPIC of shares of EPIC Common Stock unallocated under the EPIC ESOP in satisfaction of EPIC's loans to the ESOP Trust, each as contemplated by the Registration Statement, should constitute a violation of or result in any liability under ERISA or the Code.

Each such counsel may (i) assume for purposes of such opinion, based on the understanding of such counsel that the Trustee has retained and received the advice of independent counsel and financial advisors, that the Trustee has complied with the applicable

fiduciary requirements of ERISA and the Code and that the ESOP has received no less than adequate consideration for such shares of EPIC

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Common Stock, and (ii) state that, insofar as such opinion involves factual matters, it has relied, to the extent they deem proper, upon certificates of officers of EPIC and its Subsidiaries and certificates of public officials.

(g) At the Closing Time, you shall have received the favorable opinion of Davis Polk & Wardwell as counsel for the Underwriters, dated as of the Closing Time, together with reproduced copies of such opinion for each of the other Underwriters, to the effect that the opinions delivered pursuant to Sections 5(b), (c), (d) and (e) appear on their face to be appropriately responsive to the requirements of this Agreement except, specifying the same, to the extent waived by you, and with respect to the incorporation and legal existence of the Company, the Securities, this Agreement, the Indenture, the Registration Statement, the transactions contemplated under the captions "The Acquisition and Financing Plan" in the Registration Statement, the Prospectus and such other related matters as you may require. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the corporate law of the State of Delaware, upon the opinions of counsel satisfactory to you. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company, the Company's Subsidiaries, EPIC and EPIC's Subsidiaries and certificates of public officials.

(h) At the Closing Time, (i) the Registration Statement and the Prospectus, as they may then be amended or supplemented, shall conform in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations and the 1939 Act and the 1939 Act Regulations, the Company shall have complied in all material respects with Rule 430A (if it shall have elected to rely thereon), the Registration Statement, as it may then be amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements in the Registration Statement not misleading, and the Prospectus, as it may then be amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a

material fact required to be stated therein or necessary to make the statements in the Prospectus, in light of the circumstances under which they were made, not misleading, (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse

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change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or of EPIC and EPIC's Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, (iii) no action, suit or proceeding at law or in equity shall be pending or, to the knowledge of the Company, threatened against the Company, any of the Company's Subsidiaries, EPIC or any of EPIC's Subsidiaries that would be required to be set forth in the Prospectus other than as set forth therein and no proceedings shall be pending or, to the knowledge of the Company, threatened against the Company, any of the Company's Subsidiaries, EPIC or any of EPIC's Subsidiaries before or by any federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding could reasonably be expected to materially adversely affect the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or of EPIC and EPIC's Subsidiaries, considered as one enterprise, other than as set forth in the Prospectus, (iv) the Company shall have complied in all material respects with all agreements and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the Closing Time and (v) the other representations and warranties of the Company set forth in Section 1(a) shall be accurate as though expressly made at and as of the Closing Time. At the Closing Time, you shall have received a certificate of the President or a Vice President and the Treasurer or the Controller of the Company, dated as of the Closing Time, to such effect, but in the case of clauses (ii) and (iii) above, only with respect to the Company and the Company's Subsidiaries.

(i) At the Closing Time, you shall have received a certificate of the chief executive officer or chief financial officer of EPIC, dated as of the Closing Time, to the effect set forth in Section 7.02(a) of the Merger Agreement.

(j) On the date of this Agreement and at the Closing Time, Ernst & Young, independent public accountants with respect to the Company, shall have furnished to you letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus;

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(k) On the date of this Agreement and at the Closing Time, Ernst & Young, independent public accountants with respect to EPIC, shall have furnished to you letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements of EPIC and certain financial information contained or incorporated by reference in the Registration Statement and the Prospectus; and

(l) At the Closing Time, counsel for the Underwriters shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the Securities as contemplated in this Agreement and the matters referred to in Section 5(d) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company at or prior to the Closing Time in connection with the authorization, issuance and sale of the Securities as contemplated in this Agreement shall be reasonably satisfactory in form and substance to you and to Davis Polk & Wardwell as counsel for the Underwriters.

(m) At the Closing Time, the Company shall have consummated the Acquisition and, after giving effect to the Acquisition, is not in default under the 1992 Credit Agreement or any amendment thereto. The Company shall have provided to you and Davis Polk & Wardwell as counsel for the U.S. Underwriters copies of all documents with respect to the consummation of the Acquisition as you or Davis Polk & Wardwell may reasonably request.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement to be fulfilled, this Agreement may be terminated by you upon notice to the Company at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 herein. Notwithstanding any such termination, the provisions of Sections 6 and 7 herein shall remain in effect.

Section 6. Indemnification. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act as follows:

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(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of an untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including, subject to the last sentence of Section 6(c), fees and disbursements of counsel chosen by you to represent the Underwriters), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged

untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished or confirmed in writing to the Company by any Underwriter expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); and provided further that the foregoing indemnification with respect to any untrue statement contained in or any omission from a preliminary prospectus shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) from whom the person asserting any such losses,

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claims, damages, liabilities, or expenses purchased any of the Securities if a copy of the Prospectus (or the Prospectus as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Underwriter to such person, if such is required by law, at or prior to the written confirmation of the sale of such Securities to such person and the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage, liability or expense.

(b) Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 6(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with information furnished or confirmed in writing to the Company by such Underwriter expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced

against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

Section 7. Contribution. In order to provide for just and equitable contribution in circumstances under which the indemnity provided for in Section 6 is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company and the Underwriters shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity incurred by the Company and one or more of the Underwriters, as incurred, in such proportions that (a) the Underwriters are responsible for that portion

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represented by the percentage that the underwriting discount appearing on the cover page of the Prospectus bears to the initial public offering price appearing thereon and (b) the Company is responsible for the balance; provided however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Company.

Section 8. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, indemnities, agreements and other statements of the Company, the Underwriters or their respective officers set forth in or made pursuant to this Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the Company or any Underwriter or controlling person and will survive delivery of and payment for the Securities.

Section 9. Termination of Agreement. (a) You may terminate this Agreement, by notice to the Company, at any time at or prior to the Closing Time (i) if there has been, since the respective dates as of which information is given in the Registration Statement, any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), earnings or business affairs of the Company and the Company's Subsidiaries, considered as one enterprise, or of EPIC and EPIC's Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or any outbreak of hostilities or escalation of existing hostilities or other calamity or crisis the effect of which is such as to make it, in your reasonable judgment, impracticable to market the Securities or enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended by the Commission, or if trading generally on the New York Stock Exchange or in the over-the-counter market has been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by such exchange or by order of the Commission or any other governmental authority, or (iv) if a banking moratorium has been declared by either federal or New York authorities.

(b) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party, except to the extent provided in Section 4. Notwithstanding any such

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termination, the provisions of Sections 6 and 7 shall remain in effect.

(c) This Agreement may also terminate pursuant to the provisions of Section 2(c), with the effect stated in such Section.

Section 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at the Closing Time to purchase the Securities that it or they are obligated to purchase pursuant to this Agreement (the "Defaulted Securities"), you shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms set forth in this Agreement; if, however, you have not completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the aggregate principal amount of Securities to be purchased pursuant to this Agreement, the non-defaulting Underwriters shall be obligated to purchase the full amount thereof in the proportions that their respective Securities underwriting obligation proportions bear to the underwriting obligation proportions of all non-defaulting Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the aggregate principal amount of Securities to be purchased pursuant to this Agreement, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default that does not result in a termination of this Agreement, either you or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

Section 11. Default by the Company. If the Company shall fail at the Closing Time to sell and deliver the aggregate principal amount of Securities that it is obligated to sell, then this Agreement shall terminate without any liability on the part of any non-defaulting party except to the extent provided in Section 4 and except that the provisions of Section 6 and 7 shall remain in effect.

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No action taken pursuant to this Section shall relieve the Company from liability, if any, in respect of such default.

Section 12. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered, mailed or transmitted by any standard form of telecommunication (notices transmitted by telecopier to be promptly confirmed in writing). Notices to the Underwriters shall be directed to you c/o Donaldson, Lufkin & Jenrette Securities Corporation, 140 Broadway, New York, New York 10005, attention of Thomas G. McGonagle; and notices to the Company

shall be directed to it at 4525 Harding Road, Nashville, Tennessee 37205 (telecopier no.: (615) 298-6377), attention of Philip D. Wheeler, Esq.

Section 13. Parties. This Agreement is made solely for the benefit of the several Underwriters and the Company and, to the extent expressed, any person controlling the Company or any of the Underwriters, and the directors of the Company, its officers who have signed the Registration Statement, and their respective executors, administrators, successors and assigns and, subject to the provisions of Section 10, no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser, from any of the several Underwriters of the Securities. All of the obligations of the Underwriters hereunder are several and not joint.

Section 14. Governing Law and Time. This Agreement shall be governed by the laws of the State of New York. Specified times of the day refer to New York City time.

Section 15. Counterparts. This Agreement may be executed in one or more counterparts and, when a counterpart has been executed by each party, all such counterparts taken together shall constitute one and the same agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement among the Company and the several Underwriters in accordance with its terms.

Very truly yours,

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HEALTHTRUST, INC. - THE HOSPITAL COMPANY

By________________________________
Name:
Title:

Confirmed and accepted as of
the date first above written:

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

By_____________________________________
Name:
Title:

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By_____________________________________
Name:
Title:

Exhibit A

HEALTHTRUST, INC. - THE HOSPITAL COMPANY
(A Delaware corporation)

$200,000,000

10 1/4% Subordinated Notes due 2004

PRICE DETERMINATION AGREEMENT

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April 28, 1994

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
c/o Donaldson, Lufkin & Jenrette
Securities Corporation
140 Broadway
New York, New York 10005

Ladies and Gentlemen:

Reference is made to the Purchase Agreement dated April 28, 1994 (the "Purchase Agreement") among Healthtrust, Inc. - The Hospital Company, a Delaware corporation (the "Company"), and Donaldson, Lufkin & Jenrette Securities Corporation, Merrill Lynch & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as the several Underwriters named in Schedule A thereto or hereto (the "Underwriters"). The Purchase Agreement provides for the purchase by the Underwriters from the Company, subject to the terms and conditions set forth therein, of $200,000,000 aggregate principal amount of the Company's 10 1/4% Subordinated Notes due 2004 (the "Securities"). This Agreement is the Price Determination Agreement referred to in the Purchase Agreement.

Pursuant to Section 2 of the Purchase Agreement, the undersigned agree with the Underwriters as follows:

1. The initial public offering price of the Securities shall be 100% of the principal amount thereof.

2. The purchase price of the Securities to be paid by the several Underwriters shall be 97 1/2% of the principal amount thereof.

3. The interest rate to be borne by the Securities shall be 10 1/4% per annum.

The Company represents and warrants to each of the Underwriters that the representations and warranties of the Company set forth in Section 1(a) of the Purchase Agreement are accurate as though expressly made at and as of the date hereof.

As contemplated by Section 2 of the Purchase Agreement,

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attached as Schedule A is a completed list of the several Underwriters, which shall be a part of this Agreement and the Purchase Agreement.

This Agreement shall be governed by the laws of the State of New York.

If the foregoing is in accordance with the understanding of the Underwriters of the agreement between the Underwriters and the Company, please sign and return to the Company a counterpart hereof, whereupon this instrument along with all counterparts and together with the Purchase Agreement shall be a binding agreement among the Underwriters and the Company in accordance with its terms and the terms of the Purchase Agreement.

ery truly yours,

HEALTHTRUST, INC. -
THE HOSPITAL COMPANY

By______________________________
Name:
Title:

Confirmed and accepted as of
the date first above written:

DONALDSON, LUFKIN & JENRETTE SECURITIES
CORPORATION

By_____________________________
Name:
Title:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

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By______________________________
Name:
Title:

SCHEDULE A

Underwriter	Principal Amount of Securities to be Purchased
Donaldson, Lufkin & Jenrette Securities Corporation	$100,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	100,000,000
Total.	$200,000,000

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EXHIBIT 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in this Current Report (Form 8-K) of Healthtrust, Inc. - The Hospital Company ("Healthtrust") of our reports dated December 3, 1993 with respect to the consolidated financial statements of EPIC Holdings, Inc. and subsidiaries and EPIC Healthcare Group, Inc. and subsidiaries included in the U.S. Prospectus filed pursuant to Rule 424(b), dated April 28, 1994, related to the Registration Statement (No. 33-52401) on Form S-3 filed by Healthtrust for the registration of 6,220,404 shares of its common stock.

Ernst & Young

Dallas, Texas
May 12, 1994

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EXHIBIT 99.1

Merilyn Herbert
Healthtrust, Inc. - The Hospital Company
615/298-6261
or
Paula Lovell
Lovell Communications
615/297-7766

HEALTHTRUST COMPLETES ACQUISITION OF EPIC HOLDINGS

NASHVILLE, TN, May 5, 1994 - Healthtrust, Inc. - The Hospital Company (NYSE:HTI) announced today the completion of its previously announced acquisition of EPIC Holdings, Inc. in a transaction valued at approximately $1 billion.

EPIC owns and operates 34 hospitals in 10 states, and also provides certain specialty services, including home health care, rehabilitation services and health care management services. EPIC will be operated as a wholly owned subsidiary of Healthtrust.

Healthtrust also announced today that it has completed the sale to the public of 5,980,000 shares of its common stock at a price of $28.25 per share and $200,000,000 principal amount of 10-1/4% subordinated notes due 2004. Healthtrust is using the proceeds of the offerings, together with borrowings under a bank credit facility and available cash, to finance the EPIC acquisition and certain related transactions, including tender offers for certain outstanding EPIC indebtedness.

R. Clayton McWhorter, Chairman and Chief Executive Officer of Healthtrust, said, "The EPIC acquisition is in keeping with Healthtrust's strategy and will improve Healthtrust's position as a provider of cost effective, high quality care in the changing health care environment. This transaction broadens our coverage of the markets we currently serve, provides access to new geographical markets and expands our operations in related health care areas."

The public offerings were co-managed by Merrill Lynch & Co. and Donaldson, Lufkin & Jenrette Securities Corporation. Copies of the prospectuses relating to the offerings may be obtained from either Merrill Lynch & Co., 250 Vesey Street, 30th Floor, New York, New York 10281 or Donaldson, Lufkin & Jenrette Securities Corporation, 140 Broadway, New York, New York 10005.

Healthtrust is one of the largest health care providers in the United States. Operating in 22 southern and western states, the Company delivers a variety of impatient and outpatient health care services through its 115 affiliated hospitals.

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EXHIBIT 99.2

PROSPECTUS

6,220,404 SHARES

(LOGO) HEALTHTRUST INC.
The Hospital Company

COMMON STOCK

Of the 6,220,404 shares of Common Stock (par value $.001 per share) offered hereby, 4,976,323 shares are being offered hereby in the United States and Canada by the U.S. Underwriters and 1,244,081 shares are being offered in a concurrent offering outside the United States and Canada by the International Underwriters. The offering price and the aggregate underwriting discount per share are identical for both offerings. See "Underwriting."

Of the 6,220,404 shares of Common Stock offered, 5,200,000 shares are being sold by Healthtrust, Inc. - The Hospital Company and 1,020,404 shares are being sold by certain non-management selling stockholders upon the exercise of warrants which were issued in connection with the formation of the Company. See "Selling Stockholders." The Company will not receive any of the proceeds from the sale of shares by the selling stockholders. The Underwriters have agreed to purchase the shares to be sold by the Company regardless of whether the Underwriters purchase any or all of the selling stockholders' shares. See "Underwriting."

Concurrently with the Offerings, the Company is publicly offering $200 million aggregate principal amount of 10 1/4% Subordinated Notes due 2004. The Offerings and the offering of the Subordinated Notes are being made as part of the financing of the Company's acquisition of EPIC Holdings, Inc. and certain related transactions. The Offerings and the offering of the Subordinated Notes are contingent upon the consummation of the acquisition. See "The Acquisition and the Financing Plan."

The Common Stock of the Company is traded on the New York Stock Exchange under the symbol "HTI." On April 28, 1994, the last sale price of the Company's Common Stock, as reported on the New York Stock Exchange, was $29 per share.

FOR INFORMATION CONCERNING CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "INVESTMENT CONSIDERATIONS."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT(1)	PROCEEDS TO COMPANY(2)	PROCEEDS TO SELLING STOCKHOLDERS(3)
<S>	<C>	<C>	<C>	<C>
Per Share.........................	$28.25	$1.13	$27.12	$27.12
Total(4)..........................	$175,726,413	$7,029,057	$141,024,000	$27,673,356

</TABLE>

(1) The Company and the Selling Stockholders have agreed to indemnify the several Underwriters against certain liabilities under the Securities Act of 1933. See "Underwriting."
(2) Before deducting expenses of the offerings payable by the Company estimated at $1,100,000.
(3) Before deducting the exercise price of $3.18 per share with respect to the 1,015,312 shares being sold by the selling stockholders upon exercise of warrants.
(4) The Company has granted the U.S. Underwriters and the International Underwriters options exercisable within 30 days after the date hereof to purchase up to 624,000 and 156,000 additional shares, respectively, solely to cover over-allotments, if any. If such options are exercised in full,

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the total Price to Public, Underwriting Discount and Proceeds to Company will be $197,761,413, $7,910,457, and $162,177,600, respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters, subject to prior sale, when, as and if delivered to and accepted by the Underwriters and subject to various prior conditions, including the right to reject orders in whole or in part. It is expected that delivery of the shares of Common Stock will be made in New York, New York on or about May 5, 1994.

MERRILL LYNCH & CO. DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

The date of this Prospectus is April 28, 1994.

(Map, see Appendix)

IN CONNECTION WITH THESE OFFERINGS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE COMPANY'S COMMON STOCK AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE COMPANY

Healthtrust, Inc. - The Hospital Company (together with its subsidiaries, "Healthtrust" or the "Company") is one of the largest providers of health care services in the United States, delivering a full range of inpatient, outpatient and other health care services principally through its affiliated hospitals. At April 1, 1994, the Company owned or leased through its subsidiaries or joint ventures 82 acute care hospitals (the "affiliated hospitals") and is an investor, through joint ventures, in four other acute care hospitals. The Company's affiliated hospitals are located in rural, suburban and urban communities in 21 southern and western states. Approximately 40% of Healthtrust's affiliated hospitals are the sole providers of general acute care hospital services in their communities, and an additional 20% are one of two general acute care hospitals in their communities. The Company's affiliated hospitals generally provide a full range of inpatient and outpatient health care services, including medical/surgical, diagnostic, obstetric, pediatric and emergency services. Many of the Company's affiliated hospitals also offer certain specialty programs and services, including occupational medicine programs, home health care services, skilled nursing services, physical therapy programs, rehabilitation services, alcohol and drug dependency programs and selected mental health services.

The Company has experienced consistent growth since it began operations through the acquisition of a group of hospitals and related assets (the "Formation") from Hospital Corporation of America ("HCA") in September 1987. The 82 affiliated hospitals presently operated by the Company generated approximately $2.4 billion of net operating revenue, $135.2 million of net income before extraordinary charges and preferred stock dividends and $121.6 million of net income for the fiscal year ended August 31, 1993, compared with approximately $1.8 billion of net operating revenue, a $101.3 million net loss

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before extraordinary charges and preferred stock dividends and a $159.9 million net loss for the fiscal year ended August 31, 1989 generated by the 94 hospitals then operated by the Company. In addition, for the same periods, the Company's operating cash flow (net operating revenue less hospital service costs) increased from $339.2 million to $506.0 million. Operating cash flow should not be considered as a substitute for cash provided by operating activities or any consolidated income statement data prepared in accordance with generally accepted accounting principles ("GAAP"). See "Selected Historical Financial Information."

The Company's principal objective is to be a significant and growing provider of low cost, high quality health care services in the markets in which it operates. Although the means of achieving this objective will vary depending upon the local market and the relative position of the Company's affiliated hospitals and other health care businesses in that market, the strategies employed generally include (i) expanding market share through improvements in quality and reductions in cost for existing services and through the provision of new or expanded services to meet underserved needs, (ii) participating in quality health care delivery networks through affiliations, joint ventures, partnerships and other arrangements with physicians, other hospitals and providers of other health care related services, (iii) continuously improving operating and financial performance, and (iv) developing the resources needed by management to operate more effectively in the changing health care environment. In addition, the Company has pursued and will continue to pursue other opportunities to grow through the acquisition, construction or development of hospital facilities or other health care related businesses that are or can be positioned competitively in their markets consistent with the Company's objectives. The Company recently acquired Nashville Memorial Hospital in Madison, Tennessee and executed a definitive agreement to purchase Holy Cross Hospital of Salt Lake City, Utah, Holy Cross-Jordan Valley Hospital in Jordan Valley, Utah and St. Benedict's Hospital in Ogden, Utah. On March 22, 1994, the Federal Trade Commission ("FTC") informed the Company that it will challenge the acquisition of the three Utah hospitals. The Company is seeking to resolve the issues raised by the FTC.

Consistent with the Company's strategy, Healthtrust entered into an agreement on January 9, 1994 to acquire EPIC Holdings, Inc. ("EPIC Holdings" and, together with its subsidiaries, "EPIC") (the "Acquisition"). EPIC is a health care services provider that owns and operates 34 general acute care hospitals providing inpatient, outpatient and other specialty services in 10 southern, southwestern and western states. Approximately 29% of EPIC's hospitals are the sole providers of general acute care hospital services in their communities, and an additional 27% of EPIC's hospitals are one of two general acute care hospitals in their communities. Following the Acquisition, Healthtrust will be the second largest hospital management company

in the United States, operating 115 hospitals in 22 states. Of these 115 hospitals, approximately 37% are the sole providers of general acute care hospital services in their communities and an additional 22% are one of two such providers in their communities. Total pro forma combined net operating revenue, operating cash flow and net income before extraordinary charges for Healthtrust and EPIC for their 1993 fiscal years were approximately $3.4 billion, $651.4 million and $125.9 million, respectively, after giving effect to the Acquisition and the Financing Plan, assuming the Current Tender Amount of each issue of Specified EPIC Debt Securities is purchased in the Tender Offers (all as hereinafter defined). See "Selected Pro Forma Financial Information."

The Company believes that the Acquisition will enhance the Company's presence in the geographic areas it presently serves and provide access to new markets. In addition, the Acquisition will allow the Company to expand its health care delivery capabilities in such areas as home health care, geropsychiatric care, rehabilitation services and physical therapy services, thereby enhancing the Company's development of integrated health care delivery networks designed to provide a full range of health care services to managed care plans, self-insured employers and certain government payors. Healthtrust also expects to realize operating cost savings of approximately $50 million during the fiscal year ending August 31, 1995 resulting from increased economies of scale and improved operating efficiencies following the Acquisition. After giving effect to these savings, the Acquisition is expected to add $0.10 to $0.12 per share to the Company's earnings during fiscal year 1995. See "Investment Considerations -- Acquisition-Related Considerations," "The Acquisition and the Financing Plan" and the Unaudited Pro Forma Condensed Combined Financial Statements of the Company included elsewhere in this Prospectus.

THE FINANCING PLAN

In connection with the Acquisition, on March 15, 1994, EPIC and certain of its subsidiaries commenced offers to purchase up to 100% of five series of

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outstanding debt securities of EPIC (the "Specified EPIC Debt Securities") in an aggregate principal amount of approximately $608.5 million (representing an aggregate accreted value of approximately $529.9 million as of December 31, 1993). In connection therewith, the consent of the holders of the Specified EPIC Debt Securities is being solicited to eliminate or modify substantially all of the restrictive covenants and certain event of default provisions related thereto. The offers to purchase the Specified EPIC Debt Securities and the related solicitation of consents are hereinafter referred to as the "Tender Offers." In addition, following the consummation of the Acquisition, it is anticipated that approximately $220.8 million aggregate principal amount of certain other outstanding EPIC indebtedness (representing an aggregate accreted value of approximately $142.6 million as of December 31, 1993) will be redeemed or prepaid in accordance with the provisions thereof (the "Debt Redemption").

The Acquisition, the Tender Offers and the Debt Redemption will be financed through the following: (i) the offering by the Company of the Common Stock offered hereby, (ii) the public offering by the Company of $200.0 million aggregate principal amount of a new series of subordinated notes (the "Subordinated Debt Offering"), (iii) the refinancing of the Company's existing bank credit facility with a new bank credit facility (the "1994 Credit Agreement") providing for aggregate commitments of up to $1.2 billion and (iv) cash on hand. The offering of the Common Stock offered hereby is expected to occur substantially contemporaneously with the Acquisition, the Subordinated Debt Offering, the Debt Redemption and the 1994 Credit Agreement, and is conditioned upon the consummation of the Acquisition. It is anticipated that the Tender Offers will remain open until approximately five business days after the consummation of the Acquisition. See "The Acquisition and the Financing Plan" and the Unaudited Pro Forma Condensed Combined Financial Statements of the Company included elsewhere in this Prospectus.

THE OFFERINGS

Of the 6,220,404 shares of Common Stock offered hereby, 4,976,323 shares are being offered in the United States and Canada by the U.S. Underwriters and 1,244,081 shares are being offered in a concurrent offering outside the United States and Canada by the International Underwriters (the "Offerings"). Of the shares of Common Stock offered hereby, 1,020,404 shares (the "Secondary Shares") are being offered by certain non-management selling stockholders (the "Selling Stockholders").

<TABLE>

<S>	<C>
Common Stock Offered by:	
The Company................................	5,200,000 shares
The Selling Stockholders....................	1,020,404 shares(1)
Common Stock Outstanding after the Offerings..................................	88,996,898 shares(2)
Use of Proceeds..............................	The proceeds of the sale of the shares of Common Stock offered by the Company in the Offerings, together with the proceeds of the Subordinated Debt Offering, borrowings under the 1994 Credit Agreement and cash on hand, will be used to finance the Acquisition, the Tender Offers and the Debt Redemption. See "Use of Proceeds." The Company will not receive any of the proceeds of the sale of the shares of Common Stock offered by the Selling Stockholders.
New York Stock Exchange Symbol................	HTI

</TABLE>

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(1) 1,015,312 of the Secondary Shares are being offered by the holders thereof upon exercise of Warrants to purchase Common Stock issued in 1987 in connection with the Formation of the Company ("Warrants") at an exercise price of $3.18 per share. 3,772 and 1,320 of the Secondary Shares were purchased by the holders thereof upon exercise of Warrants at exercise prices of $7.95 and $5.30 per share, respectively. See "Selling Stockholders."

(2) As of April 20, 1994. Does not include (i) 4,304,107 shares of Common Stock issuable upon exercise of options granted under the Company's stock option plans (of which options for 916,100 shares are presently exercisable) as of January 31, 1994 (ii) 844,198 shares of Common Stock issuable upon exercise of Warrants and (iii) approximately 900,000 shares of Common Stock to be issued and contributed to the Company's 401(k) Retirement Program (the "Plan") on or about May 15, 1994.

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INVESTMENT CONSIDERATIONS

Prospective investors should consider carefully, in addition to the other information contained in this Prospectus, the following factors before purchasing the Common Stock offered hereby.

SUBSTANTIAL INDEBTEDNESS

Following the consummation of the Acquisition and the Financing Plan, the Company will continue to have substantial indebtedness and, as a result, significant debt service obligations. As of February 28, 1994, the Company's ratio of long-term debt to stockholders' equity was 1.3 to 1 and approximately $150.3 million of the Company's $967.0 million of long-term debt was subject to variable interest rates (in each case including current maturities). After giving effect to the Acquisition and the transactions contemplated by the Financing Plan (as hereinafter defined), at February 28, 1994, the ratio of the Company's long-term debt to stockholders' equity would have been 2.0 to 1, and the portion of the Company's $1,758.6 million of long-term debt subject to variable interest rates would have been approximately $711.8 million (in each case including current maturities), in each case assuming the Current Tender Amount of each issue of the outstanding Specified EPIC Debt Securities is purchased in the Tender Offers. See "Capitalization" and the Unaudited Pro Forma Condensed Combined Financial Statements of the Company included elsewhere in this Prospectus.

The degree to which the Company is leveraged could have important consequences to holders of the Common Stock, including the following: (i) the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes may be impaired; (ii) a substantial portion of the Company's cash flow from operations must be dedicated to the payment of principal and interest on its indebtedness, thereby reducing the funds available to the Company for its operations; (iii) certain of the Company's borrowings are and will continue to be at variable rates of interest, which causes the Company to be vulnerable to increases in interest rates; and (iv) such indebtedness contains numerous financial and other restrictive covenants, including those restricting the incurrence of indebtedness, the creation or existence of liens, the declaration or payment of dividends, certain investments, the acquisition of securities of the Company, and certain extraordinary corporate transactions. Failure by the Company to comply with such covenants may result in an event of default which, if not cured or waived, could have a material adverse effect on the Company.

The Company's ability to make scheduled payments or to refinance its obligations with respect to its indebtedness depends on its financial and operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond its control. Although the Company's cash flow from its operations has been sufficient to meet its debt service obligations in the past, there can be no assurance that the Company's operating results will continue to be sufficient for payment of the Company's indebtedness.

HEALTH CARE REFORM

On November 20, 1993, President Clinton submitted proposed comprehensive health care reform legislation ("Administration's Proposal") to Congress. A central component of the Administration's Proposal is the restructuring of health insurance markets through the use of "managed competition." Under the Administration's Proposal, states would be required to establish regional purchasing cooperatives, known as "regional alliances," that would be the exclusive source of coverage for individuals and employers with less than 5,000 employees. All employers would be required to make coverage available to their employees and contribute 80% of the premium, and all individuals would be required to enroll in an approved health plan. Regional alliances would contract with health plans that demonstrate an ability to provide consumers with a full range of benefits, including hospital services, and the provision of such benefits would be mandated by the federal government. The federal government would provide subsidies to low income individuals and certain small businesses to help pay for the cost of coverage. These subsidies and other costs of the Administration's Proposal would be funded in significant part by reductions in payments by the Medicare and Medicaid programs to providers, including hospitals. The Administration's Proposal would also place stringent limits on the annual growth in health plan premiums. Other comprehensive reform proposals have been or are expected

to be introduced in Congress. These other proposals contain or are expected to contain coverage guarantees, benefit standards, financing and cost control mechanisms which are different than the Administration's Proposal. The Company

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is unable to predict what, if any, reforms will be adopted, or when any such reforms will be implemented. No assurance can be given that such reforms will not have a material adverse impact on the Company's revenues or earnings.

REIMBURSEMENT AND REGULATION

The Company derives a substantial portion of its revenue from Medicare and Medicaid programs. Such programs are highly regulated and subject to frequent and in certain cases substantial changes. Significant changes in Medicare and Medicaid reimbursement programs have resulted in reduced levels of reimbursement for a substantial portion of hospital procedures and costs. Changes in other existing reimbursement programs are scheduled or anticipated in the future which changes are likely to result in further reductions in reimbursement levels. In addition, the Company's revenue could be affected by any implementation of federal government sequestration under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

The health care industry is subject to extensive federal, state and local regulation relating to licensure, conduct of operations, addition of facilities and services and cost containment. Over the past several years, federal and state initiatives have been undertaken to evaluate the impact that financial arrangements between health care providers and physicians may have on Medicare and state health care programs. As a result of such initiatives, the U.S. Department of Health and Human Services ("HHS") issued final regulations outlining certain "safe harbor" practices which, although potentially capable of inducing prohibited referrals of business, would not be subject to enforcement action under the Social Security Act of 1935, as amended (the "Social Security Act"). In addition, certain provisions of Section 1877 of the Social Security Act, commonly known as the "Stark Bill," have recently been amended to significantly broaden the scope of prohibited physician self-referrals thereunder. Certain of the Company's current financial arrangements with physicians do not qualify for the safe harbor exemptions and, as a result, risk scrutiny by HHS and may be subject to enforcement action. Additionally, the Company believes that certain of EPIC's financial arrangements with physicians do not qualify for the safe harbor exemptions. The Company's participation in and development of joint ventures and other financial arrangements with physicians could be adversely affected by the recent HHS regulations and Stark Bill amendments. The Company is unable to predict the future course of federal, state and local regulation or legislation, including Medicare and Medicaid statutes and regulations. Further changes in the regulatory framework could have an adverse impact on the Company.

DEPENDENCE ON PHYSICIANS AND OTHER KEY PERSONNEL

Since physicians generally control the majority of hospital admissions, the success of the Company, in part, is dependent upon the number and quality of physicians on its hospitals' medical staffs. The Company's operations also are dependent on the efforts, ability and experience of its key corporate and hospital management teams. The loss of some or all of these key personnel or an inability to attract and retain sufficient numbers of qualified physicians could adversely affect the Company's hospitals.

COMPETITION

The health care business is highly competitive and subject to excess capacity. Competition among hospitals and other health care providers for patients has intensified in recent years. During this period, hospital occupancy rates in the United States have declined as a result of cost containment pressures, changing technology, changes in regulations and reimbursement, changes in practice patterns from inpatient to outpatient treatment, an increasing supply of physicians and other factors. In many geographic areas in which the Company operates, there are other hospitals or facilities that provide inpatient or outpatient services comparable to those offered by the Company's hospitals. Certain of these hospitals have greater financial resources than the Company's hospitals and offer a wider range of services than the Company's hospitals. Even in communities in which the Company's hospitals are the sole providers of general acute care hospital services, the Company may face competition from local providers of outpatient services and hospitals and

other health care providers in nearby communities. The competitive position of the Company's hospitals also has been, and in all likelihood will continue to be, affected by the increased initiatives undertaken during the past several years by federal and state governments and other major purchasers of health care, including insurance companies and employers, to revise payment methodologies and monitor health care expenditures in order to contain health care costs. Due in part to these initiatives, managed care organizations such as health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs"), which offer prepaid and discounted medical services packages, represent an increasing segment of health care payors, tending to reduce the

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historical rate of growth of hospital revenue. In addition, hospitals owned by governmental agencies or other tax-exempt entities benefit from endowments, charitable contributions and tax-exempt financing, which advantages are not enjoyed by the Company's hospitals.

LEGAL PROCEEDINGS

Certain of the Company's Utah hospitals, along with other Utah hospitals, were the subject of a federal grand jury investigation of possible criminal violations of the federal antitrust laws in connection with nursing compensation practices. The Company has been informed by the Antitrust Division of U.S. Department of Justice that the Government does not intend to pursue criminal charges against the Company in connection with the actions of its Utah facilities. In addition, the Justice Department recently filed a civil antitrust complaint and three consent decrees in U.S. District Court in Salt Lake City, Utah. The consent decrees, if approved by the court, would settle the suit against all named hospitals. Such approval of the consent decrees is expected on or about May 13, 1994. If the consent decrees are approved, four of the Company's affiliated hospitals will be prohibited from entering into agreements with other Utah hospitals to fix the compensation paid to nurses and will be prohibited from exchanging information with other Utah hospitals concerning current or prospective compensation paid to nurses, except in limited circumstances, for a period of five years. None of the settling parties have admitted any wrongdoing and no fines or penalties have been assessed.

On March 9, 1994, Memorial Hospital at Gulfport ("Memorial") filed suit against EPIC and the Company in Mississippi State court, alleging that EPIC agreed to sell Garden Park Community Hospital ("Garden Park") in Garden Park, Mississippi to Memorial for approximately $23.3 million. The suit seeks specific performance of the alleged agreement and actual and punitive damages. In addition, Memorial is seeking a preliminary injunction to prohibit consummation of the Acquisition until the final disposition of its suit or, in the alternative, a preliminary injunction prohibiting EPIC and the Company from encumbering or disposing of the assets comprising Garden Park. Following a bench trial, the court concluded that no contract for the sale of Garden Park was reached, and denied Memorial's motion for specific performance and injunctive relief, though certain other claims are still pending.

In April 1994, Lawrence Lacroix filed suit against EPIC in Texas state court alleging that the payment to certain EPIC executives of severance and other benefits in connection with the Acquisition, the payment of the Acquisition consideration with respect to outstanding EPIC stock appreciation rights and the cash contribution to the EPIC Employee Stock Ownership Plan (the "EPIC ESOP") contemplated by the ESOP Agreement (as defined herein) are fraudulent transfers. The lawsuit alleges that such payments would deplete the assets of EPIC available to satisfy Mr. Lacroix's claims as a potential judgment creditor in connection with a pending medical malpractice suit. Mr. Lacroix seeks to enjoin such payments.

PROFESSIONAL LIABILITY

As is typical in the health care industry, the Company is subject to claims and legal actions by patients and others in the ordinary course of business. The Company generally self-insures against substantially all of its professional and general liabilities and maintains an unfunded reserve for liability risks. While the Company's cash flow has been adequate to provide for liability claims in the past, there can be no assurance that the Company's cash flow will continue to be adequate. If payments with respect to self-insured liabilities increase in the future, the results of operations of the Company could be adversely affected.

PRINCIPAL STOCKHOLDER

As of December 31, 1993, the trustee (the "Plan Trustee") of the Plan held approximately 31% of the outstanding Common Stock. After giving effect to the Offerings, as of December 31, 1993, the Plan Trustee would have held approximately 28% of the outstanding Common Stock. Shares of Common Stock held by the Plan Trustee are held in the accounts of participants in the Plan. Such participants are able to direct the Plan Trustee to vote the shares allocated to their accounts, except when the Plan Trustee believes its fiduciary duties obligate it to override such directions. As a principal stockholder, the Plan Trustee may have the ability to influence the policies and affairs of the Company to a greater extent than other stockholders.

FORMATION-RELATED CONSIDERATIONS

In connection with the Formation of Healthtrust in 1987, HCA agreed to indemnify the Company against tax claims, professional liability claims and claims covered by standard public liability insurance relating to the acquired assets, in each case relating to periods prior to the Formation. In the past HCA

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has satisfied its obligation to indemnify the Company for all such claims, and the Company has no reason to believe that HCA would not continue to do so. However, if HCA should fail to meet its indemnification obligations, the Company would be responsible for the satisfaction of any such claims in the future, which claims, if substantial, could have a material adverse effect on the Company.

With respect to certain taxable periods ending on or prior to the Formation in September 1987, the Company and certain of its subsidiaries filed federal income tax returns on a consolidated basis with HCA and, as a result, under federal income tax law, the Company and such subsidiaries are severally liable with HCA for the federal income taxes of HCA's consolidated group for such periods. However, in connection with the Formation, HCA agreed that it would be responsible for the payment of all taxes, assessments, interest and penalties imposed by any taxing authority for any periods prior to and including the date of the Formation. HCA has disclosed that following a recent examination of HCA's federal income tax returns for tax years 1981 through 1990, the Internal Revenue Service has proposed certain adjustments to such returns, and HCA has received notices of deficiencies for certain years, which it is contesting through litigation. Should HCA be unable to sustain its position on disputed matters, additional taxes would approximate $383 million, plus accrued interest of approximately $640 million as of December 31, 1993, for taxable periods in which the Company and certain of its subsidiaries were members of HCA's consolidated group. If the additional taxes that have been asserted by the Internal Revenue Service were finally determined to be due and HCA were unable to, or for any other reason did not, pay such taxes or related interest, the Company could be responsible for such payment, which payment could have a material adverse effect on the Company.

ERISA MATTERS

In connection with the Formation in 1987, the Company's Employee Stock Ownership Plan (the "ESOP") purchased approximately 50.9 million shares of Common Stock for $810 million. The purchase price was based on the determination of the committee administering the ESOP (the "ESOP Committee") as to the fair market value of such shares at that time. Based on such determination, and subject to limitations contained in the Internal Revenue Code of 1986, as amended (the "Code"), the Company has claimed income tax deductions for contributions to the ESOP for the years to which such contributions relate. Contributions to the ESOP were used by the ESOP to pay interest and principal on the loans owed to the Company. These payments were in turn used by the Company to pay interest and principal on the ESOP term loans under the Company's previous bank credit agreement and certain other indebtedness related to the ESOP. As a result, the Company was effectively able to obtain a deduction for principal, as well as interest payments, on ESOP-related borrowings. If the ESOP Committee's determination of fair market value was incorrect, the Company's contribution to the ESOP might not be fully deductible, which could have a material adverse effect on the Company.

It was intended that qualified holders of the ESOP term loans and the other indebtedness incurred in connection with the ESOP be entitled to exclude from taxable income 50% of the interest received on such indebtedness. In addition, the loans to the ESOP and the purchase of Common Stock by the ESOP were

intended to qualify for exemption from the "prohibited transaction" rules under the Code and the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which rules generally prohibit sale and loan transactions between an employer and a qualified retirement plan. The 50% interest exclusion and the prohibited transaction exemption were available only if the plan was designed to invest primarily in "employer securities." It is likely that if Healthtrust and HCA were deemed to have been members of the same "controlled group of corporations" for purposes of the relevant section in the Code or ERISA, the stock of HCA, and not Healthtrust's Common Stock, would have been "employer securities" for these purposes. Healthtrust and HCA concluded that they were not in the same "controlled group of corporations" (as defined in Section 409(1) of the Code). If, notwithstanding such conclusion, HCA's common stock were deemed to have been "employer securities" for such purposes, there could be severe adverse consequences to Healthtrust, including violation of the prohibited transaction rules discussed above (which could subject Healthtrust or other disqualified persons with respect to the ESOP to an excise tax and could require that certain corrective action be taken) and retroactive increases in the rate of interest payable on certain of the Company's previously outstanding ESOP-related indebtedness as a result of the loss of the 50% interest exclusion. In addition, the 50% interest exclusion and the prohibited transaction exemption were available only if the price paid by the ESOP reflected the fair market value of the employer securities as determined in good faith by the plan fiduciaries. Accordingly, if the ESOP Committee's determination of fair market value was incorrect, the 50% interest exclusion might not have been fully available and the Company or other disqualified persons may have committed

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prohibited transactions, either of which events could have a material adverse effect on the Company. See Note 5 to "Capitalization."

ACQUISITION-RELATED CONSIDERATIONS

The purchase of EPIC common stock by the EPIC ESOP in connection with EPIC's acquisition (the "EPIC Formation") of its facilities from American Medical International, Inc. ("AMI") in 1988 was structured in a manner similar to the purchase of Common Stock by the ESOP in connection with the Formation of Healthtrust and was intended to (i) qualify for exemption from the "prohibited transaction" rules of the Code and ERISA, (ii) permit EPIC to deduct for federal income tax purposes its contributions to the EPIC ESOP used to pay principal and interest on loans made by EPIC to the EPIC ESOP and (iii) permit qualified holders of indebtedness incurred in connection with the EPIC ESOP to benefit from the 50% interest exclusion provision referred to in "-- ERISA Matters" above. Exemption from the prohibited transaction rules and the availability of the ESOP-related benefits described above depends on (i) the amount the EPIC ESOP paid for EPIC common stock not having exceeded the fair market value of that EPIC common stock, (ii) the EPIC common stock being "employer securities" and (iii) compliance with the other relevant provisions of the Code and ERISA. If (i) the EPIC ESOP paid an amount in excess of fair market value for the EPIC common stock, (ii) the EPIC common stock were to fail to qualify as "employer securities" or (iii) the EPIC ESOP were to fail to comply with the other relevant provisions of the Code or ERISA, such events could result in material adverse consequences to EPIC similar to those described with respect to the Company under "-- ERISA Matters" above, which could have a material adverse effect on the Company following consummation of the Acquisition. See "The Acquisition and the Financing Plan" and Note 6 to "Capitalization." In addition, although the Company believes that the actions which the parties intend to take with respect to the EPIC ESOP pursuant to the ESOP Agreement (as hereinafter defined) should not give rise to any adverse tax or other consequences to EPIC or the Company, if the Internal Revenue Service or the Department of Labor were to successfully challenge certain aspects of such actions, the Company or EPIC could be subject to certain taxes or penalties, which could have a material adverse effect on the Company following consummation of the Acquisition. Additionally, the termination of contributions to the EPIC ESOP in connection with the Acquisition will result in a default on the EPIC ESOP Notes (as hereinafter defined). If the EPIC ESOP Notes are not redeemed pursuant to the Debt Redemption, such default could adversely affect the Company. See "The Acquisition and the Financing Plan."

In connection with the EPIC Formation, AMI agreed to indemnify EPIC against certain losses, including the loss of certain expected tax benefits. If AMI is unable to or otherwise does not satisfy such

indemnification obligations, EPIC could be responsible for such losses, which could adversely affect the Company following the Acquisition.

The Company will use the proceeds of the Offerings to fund the Acquisition. While the Company believes that it can improve the profitability of the operations acquired from EPIC, there can be no assurance that this will be the case. In addition, there can be no assurance that the Company will be able to realize expected operating and economic efficiencies following the Acquisition or that the Acquisition will not adversely affect the Company's results of operations or financial condition. See the Unaudited Pro Forma Condensed Combined Financial Statements of the Company included elsewhere in this Prospectus.

THE ACQUISITION AND THE FINANCING PLAN

On January 9, 1994, Healthtrust, Odyssey Acquisition Corp., a wholly-owned subsidiary of Healthtrust ("Odyssey") and EPIC entered into a merger agreement pursuant to which Odyssey will merge into EPIC and EPIC will become a wholly-owned subsidiary of Healthtrust. Upon consummation of the Acquisition, the holders of EPIC common stock (and securities exercisable therefor) will become entitled to receive $7.00 per share in cash from Healthtrust. It is anticipated that the Company will purchase approximately 35.7 million shares of EPIC common stock (and securities exercisable therefor) at the closing of the Acquisition, for an aggregate purchase price of approximately $250.2 million, comprised of the following securities: (i) approximately 13.6 million shares of EPIC common stock allocated or allocable to EPIC ESOP participants, (ii) approximately 15.9 million other shares of outstanding EPIC common stock and (iii) outstanding stock appreciation rights, warrants and options exercisable for approximately 6.2 million shares of EPIC common stock. The consummation of the Acquisition is subject to certain conditions, including, among others, the

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approval of the stockholders of EPIC, certain regulatory approvals and the consent solicitation in connection with the Specified EPIC Debt Securities described below. The approval of the Acquisition requires the affirmative vote of the holders of a majority of the outstanding shares of EPIC common stock entitled to vote thereon. Subject to certain conditions, each of AMI and the EPIC ESOP Trustee has agreed to vote the shares of EPIC common stock over which it exercises voting power (in the aggregate approximately 52% of the EPIC common stock outstanding on January 8, 1994) in favor of the Acquisition.

In connection with the Acquisition, the Company entered into an Amended and Restated ESOP Agreement (the "ESOP Agreement") with EPIC Holdings, EPIC Healthcare Group, Inc. ("EPIC Group"), U.S. Trust Company of California, N.A., the trustee of the trust established under the EPIC ESOP (the "EPIC ESOP Trustee") and the EPIC Committee administering the EPIC ESOP. Pursuant to the ESOP Agreement, all shares of EPIC common stock held by the EPIC ESOP Trustee and not allocated or allocable to EPIC ESOP participants as of the closing of the Acquisition (approximately 10.6 million shares) will be returned to EPIC in full satisfaction of certain loans granted by EPIC to the EPIC ESOP Trustee, and contributions to the EPIC ESOP will be terminated. Subject to certain Code limitations, EPIC has agreed to contribute approximately $27.6 million in cash to the EPIC ESOP upon consummation of the Acquisition or within one business day thereafter, which contribution will not be applied to repay EPIC ESOP loans but will be allocated directly to participants' accounts. In addition, following the Acquisition, the EPIC ESOP participants who continue to be employed by the Company will be entitled to participate in the Plan or in a similar plan to be established by the Company (the Plan or such other plan, the "Healthtrust Plan"). Subject to Code limitations, EPIC will contribute to the EPIC ESOP an aggregate dollar amount equivalent to the 4% profit sharing contribution (described below) to which EPIC ESOP participants would have been entitled had they participated in the Plan from March 1, 1994 through the Acquisition closing date. In addition, the Company has agreed to provide certain minimum retirement benefits in accordance with the terms of the Plan and subject to Code limitations, including (i) a profit sharing contribution by the Company on behalf of EPIC ESOP participants who participate in the Healthtrust Plan of 4% of aggregate compensation from the Acquisition closing date through December 31, 1994 and (ii) a matching contribution by the Company of 100% of participants' salary deferrals for each EPIC ESOP participant who participates in the Healthtrust Plan, up to a maximum of 3% of compensation, for the period from the Acquisition closing date through December 31, 1998. In the event that fewer shares are so allocated or allocable to EPIC ESOP participants as of the closing or the full amount of contributions to the Healthtrust Plan are not permitted to be made due to Code limitations, additional contributions will be made in the future in lieu of any shares not so allocated or allocable and any contributions not so permitted to be made. The obligations of the parties under the ESOP Agreement are conditioned upon, among other things, the consummation of the Acquisition. The foregoing does not purport to be a complete description of the ESOP Agreement and reference is hereby made to the ESOP Agreement, which is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

In connection with the Acquisition and the related merger agreement, on March 15, 1994, EPIC and certain of its subsidiaries commenced offers to purchase up to 100% of the following outstanding debt securities of EPIC at the following purchase prices: (i) $250.0 million aggregate principal amount (represent-

ing an aggregate accreted value of approximately $172.2 million as of December 31, 1993) of 12% Senior Deferred Coupon Notes due 2002 of EPIC Holdings (the "EPIC 12% Notes") for 112% of accreted value (expected to be approximately $178.8 million at the time of purchase), or an aggregate purchase price of $200.3 million, (ii) $160 million aggregate principal amount of 10 7/8% Senior Subordinated Notes due 2003 of EPIC Group (the "EPIC 10 7/8% Notes") for 116% of principal amount, or an aggregate purchase price of $185.6 million, (iii) $100 million aggregate principal amount (representing an aggregate accreted value of approximately $99.6 million as of December 31, 1993) of 11 3/8% Class B-1 First Priority Mortgage Notes due 2001 of EPIC Properties (the "EPIC Class 1 Mortgage Notes"), for 118 3/4% of principal amount, or an aggregate purchase price of $118.8 million, (iv) approximately $83.5 million aggregate principal amount (representing an aggregate accreted value of approximately $83.1 million as of December 31, 1993) of 11 1/2% Class B-2 First Priority Mortgage Notes due 2001 of EPIC Properties (the "EPIC Class 2 Mortgage Notes") for 121 1/8% of principal amount, or an aggregate purchase price of $101.1 million and (v) $15 million aggregate principal amount of Floating Rate Class B-3 First Priority Mortgage Notes due 1998 (with an interest rate of 6 3/8% at February 1, 1994) of EPIC Properties (the "EPIC Class 3 Mortgage Notes" and, together with the EPIC Class 1 Mortgage Notes and EPIC Class 2 Mortgage Notes, the "EPIC Mortgage Notes") for 103 1/8% of principal amount, or an aggregate purchase price of $15.5 million. In connection therewith, the consent of the holders of the Specified EPIC Debt Securities is being solicited to eliminate or modify substantially all of the

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restrictive covenants and certain event of default provisions relating to any Specified EPIC Debt Securities which remain outstanding after the offers to purchase are completed. Consent payments of $20 per $1,000 of principal amount will be made with respect to the Specified EPIC Debt Securities for which consents have been validly delivered (and not revoked) on or prior to April 13, 1994, the date on which such consents were accepted. The obligation to make the consent payments is subject to certain conditions, including the acceptance for purchase and payment of the applicable issue of Specified EPIC Debt Securities in the Tender Offers. The obligation to purchase and pay for the Specified EPIC Debt Securities in the Tender Offers is conditioned upon, among other things, (i) the consummation of the Acquisition, the Offerings and the Subordinated Debt Offering, (ii) the Company having entered into the 1994 Credit Agreement and having received sufficient proceeds of borrowings thereunder to consummate the Tender Offers, (iii) receipt of validly delivered and unrevoked consents from holders of a majority in aggregate principal amount of each of the EPIC 12% Notes, EPIC 10 7/8% Notes and EPIC Mortgage Notes and (iv) there having been validly tendered and not withdrawn at least a majority in aggregate principal amount of each of the EPIC 12% Notes, EPIC 10 7/8% Notes and EPIC Mortgage Notes. On April 14, 1994, after receiving tenders and related consents from the holders of 100%, 100% and 95.1% of the outstanding EPIC 12% Notes, EPIC 10 7/8% Notes and EPIC Mortgage Notes, respectively (the "Current Tender Amounts"), supplemental indentures giving effect to the proposed modifications to the Specified EPIC Debt Securities were executed. Holders of tendered Specified EPIC Debt Securities will no longer be entitled to withdraw such securities or their related consents (except as otherwise provided pursuant to the terms of the Tender Offers).

Following the consummation of the Acquisition, it is anticipated that 100% of the following outstanding indebtedness of EPIC Group (collectively, the "EPIC Redeemable Debt") will be redeemed or prepaid in accordance with the provisions thereof: (i) approximately $74.8 million aggregate principal amount (representing an aggregate accreted value of approximately $72.3 million as of December 31, 1993) of 11 7/8% Senior ESOP Notes due 1998 (the "EPIC ESOP Notes"), (ii) approximately $96.4 million aggregate principal amount (representing an aggregate accreted value of approximately $31.9 million as of December 31, 1993) of Zero Coupon Notes due 2001 (the "EPIC Zero Coupon Notes") (with an effective interest rate of 14.8% at December 31, 1993), (iii) approximately $30.9 million aggregate principal amount (representing an aggregate accreted value of approximately $20.0 million as of December 31, 1993) of 11% Junior Subordinated Pay-In-Kind Notes due 2003 and (iv) approximately $18.7 million principal amount outstanding under EPIC's existing bank credit facility. During the first quarter of EPIC's 1993 fiscal year, a subsidiary of EPIC Group purchased $5.4 million of EPIC ESOP Notes in the open market.

The Acquisition, the Tender Offers and the Debt Redemption will be financed through the following:

(i) the Offerings by the Company;

(ii) the public offering by the Company of $200 million aggregate principal amount of a new series of Subordinated Notes due 2004;

(iii) the refinancing of the Company's existing bank credit facility with a new bank credit facility described below, which will provide for aggregate commitments of up to $1.2 billion; and

(iv) cash on hand.

The Company, The Bank of Nova Scotia, as administrative agent (the "Administrative Agent") and a syndicate of banks have executed the 1994 Credit Agreement, dated as of April 28, 1994. Pursuant to the 1994 Credit Agreement, the Company will be able to borrow up to an aggregate of $1.2 billion, consisting of (i) a revolving facility in an aggregate amount of $400.0 million (the "Revolving Facility"), with the proceeds thereof being available to pay in part the consideration for the Acquisition, the Financing Plan (as hereinafter defined) and the acquisition of certain other health care related facilities and assets (the "Other Transactions"), and financing the Company's ongoing working capital and general corporate needs, (ii) a term loan facility in an aggregate amount of $415.0 million (the "Term Facility"), with the proceeds thereof being available solely to repay amounts outstanding under the Company's existing credit facility and to pay in part the cash consideration of the Tender Offers and (iii) a declining delayed term loan facility in an initial aggregate amount of $385.0 million (the "Delayed Term Facility"), with the proceeds thereof being available solely to pay in part the cash consideration for the Debt Redemption and the Other Transactions. Under the 1994 Credit Agreement, and after giving effect to the Acquisition and the Financing Plan, the Company expects to have available an aggregate of approximately $488.2 million of unutilized commitments, assuming the Current Tender Amount of each issue of Specified EPIC Debt Securities is purchased in the Tender Offers.

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The loans to be provided under the 1994 Credit Agreement (the "1994 Loans") will bear interest at fluctuating rates equal, at the Company's option, to either (a) an alternate base rate (equal to the higher of the Administrative Agent's base rate for dollar loans or the federal funds rate plus 50 basis points) plus 50 basis points or (b) the Administrative Agent's reserve-adjusted LIBOR rate plus 150 basis points, and in each case subject to mutually agreed upon increases and reductions. The 1994 Loans will be secured by pledges of the shares of capital stock of, and will be guaranteed by, virtually all of the Company's direct and indirect subsidiaries. Pursuant to the 1994 Credit Agreement, the Company is required to deliver pledges of capital stock and guarantees of certain EPIC entities within a specified period of time after the initial borrowings. If the Debt Redemption is not consummated, such pledges and guarantees would result in a default under certain outstanding EPIC indebtedness. The 1994 Loans provided pursuant to the Term Facility will be subject to semiannual repayment requirements commencing on the six month anniversary of the initial borrowings and the 1994 Loans provided pursuant to the Delayed Term Facility will be subject to semiannual repayment requirements commencing on the two year anniversary of the initial borrowings. The 1994 Loans must be repaid in full not later than the seven year anniversary of the initial borrowings. In addition to the scheduled repayments, the Company also will be required, subject to certain exceptions, to repay the 1994 Loans with all or a portion of the cash proceeds from sales of assets, subsidiary stock, or accounts receivable or the cash proceeds from any refinancing of the 1994 Credit Agreement. The 1994 Credit Agreement contains a number of customary covenants, including those restricting the incurrence of indebtedness, the creation or existence of liens, the declaration or payment of dividends, certain other investments, the acquisition of debt and equity securities of the Company, certain corporate transactions such as sales of substantial assets, mergers or consolidations or other transactions outside of the ordinary course of business. The Company is also required to comply with certain financial maintenance covenants.

The obligations of the lenders under the 1994 Credit Agreement are conditioned upon, among other things, (i) the Company's receipt of gross cash proceeds from the Subordinated Debt Offering of not less than $200.0 million; (ii) the Company's receipt of gross cash proceeds from the Offerings of not less than $140.0 million; (iii) the sum of (w) the gross cash proceeds received from the Subordinated Debt Offering, (x) the gross cash proceeds received from the Offerings, (y) cash on hand and (z) the amounts available under the 1994 Credit Agreement being sufficient to consummate the Acquisition, the Tender Offers, the Debt Redemption, the refinancing of the Company's existing credit facility and the Other Transactions; (iv) the consummation of the Acquisition and the Tender Offers and (v) the absence of any event of default having occurred as a result of the Acquisition, the Tender Offer, the Debt Redemption or the Other

Transactions under any of the indentures governing the Specified EPIC Debt Securities. It is anticipated that all such conditions will not be met at the time the Acquisition is consummated, since the Tender Offers are expected to remain open until approximately five business days after such consummation. Therefore, the Company presently intends to amend its existing credit facility, or prepay all amounts outstanding thereunder, in order to permit the Company to proceed with the Acquisition.

The Tender Offers, the Debt Redemption, the Offerings, the Subordinated Debt Offering and the 1994 Credit Facility are hereinafter referred to as the "Financing Plan." The Offerings are expected to occur substantially contemporaneously with the Acquisition, the Subordinated Debt Offering, the Debt Redemption and the 1994 Credit Agreement and are conditioned upon the consummation of the Acquisition. It is anticipated that the Tender Offers will remain open until approximately five business days after the consummation of the Acquisition.

The following table sets forth the sources of funds to be used to effect the Acquisition, the Tender Offers and the Debt Redemption, assuming (i) 5,200,000 shares of Common Stock are sold by the Company in the Offerings at a public offering price of $28.25 per share, (ii) $200 million aggregate principal amount of Subordinated Notes are sold by the Company in the Subordinated Debt Offering at a public offering price of 100% of principal amount, (iii) approximately 35,746,000 shares of EPIC common stock (and securities exercisable therefor) are acquired pursuant to the Acquisition; and (iv) the Current Tender Amount of each issue of the outstanding Specified EPIC Debt Securities is purchased in the Tender Offers.

ACQUISITION AND FINANCING PLAN
(DOLLARS IN MILLIONS)

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SOURCES OF FUNDS	
Cash on hand(1)	$ 186.4
1994 Credit Agreement	711.8
The Offerings	146.9
The Subordinated Debt Offering	200.0
Total	$1,245.1
USE OF FUNDS	
Purchase of EPIC equity in Acquisition	$ 250.2
Tender Offers(2)	621.2
Debt Redemption	157.5
Refinancing of existing bank credit facility	150.3
Payment in connection with EPIC ESOP termination	27.6
Estimated Fees and Expenses(3)	38.3
Total	$1,245.1

</TABLE>

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(1) Cash on hand of $186.4 million consists of as reported Healthtrust cash of $159.8 million, plus as reported EPIC cash of $55.1 million, less cash used in connection with EPIC's redemption of its 15% Senior Subordinated Notes of $8.5 million, less a cash balance to be maintained of $20.0 million.

(2) Represents (a) the principal amount of the EPIC 10 7/8% Notes and the EPIC Class 3 Mortgage Notes, (b) the accreted value as of December 31, 1993 of the EPIC 12% Notes, EPIC Class 1 Mortgage Notes and EPIC Class 2 Mortgage Notes and (c) $101.0 million of aggregate premiums and consent payments.

(3) Includes underwriting discounts and commissions with respect to the Company, bank fees and legal and accounting expenses.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the Common Stock in the Offerings are estimated to be approximately $143,154,000 million (approximately $164,307,600 million if the Underwriters' over-allotment options are exercised in full), after giving effect to the receipt of an aggregate of approximately $3,230,000 from the exercise of warrants by the Selling Stockholders. The Company intends to use the net proceeds from its sale of Common Stock in the Offerings, together with the net proceeds of the Subordinated Debt Offering, borrowings under the 1994 Credit Agreement and cash on hand, to effect the Acquisition, the Tender Offers and the Debt Redemption. The EPIC 10 7/8% Notes, which are subject to repurchase pursuant to the Tender Offers, were issued by EPIC Group in June 1993 to refinance certain outstanding long-term indebtedness. See "The Acquisition and the Financing Plan."

CAPITALIZATION

The following table sets forth the capitalization of the Company as of February 28, 1994, of EPIC as of December 31, 1993 and combined as adjusted to reflect the Acquisition, the Offerings, the Subordinated Debt Offering and the other transactions contemplated by the Financing Plan. This table should be read in conjunction with "The Acquisition and the Financing Plan," the Unaudited Pro Forma Condensed Combined Financial Statements of the Company and the historical financial statements of the Company and EPIC and the notes thereto included or incorporated by reference in this Prospectus.

<TABLE>
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	HEALTHTRUST ACTUAL	EPIC ACTUAL	AS OF FEBRUARY 28, 1994 COMBINED AS ADJUSTED
	(DOLLARS IN MILLIONS)		
<S>	<C>	<C>	<C>
LONG-TERM DEBT:			
Bank Indebtedness	$ 150.3	$ --	$ 711.8
10 3/4% Subordinated Notes due 2002	500.0	--	500.0
8 3/4% Subordinated Debentures due 2005	300.0	--	300.0
Subordinated Debt Offering	--	--	200.0

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Specified EPIC Debt Securities	--	529.9	--(1)
EPIC Redeemable Debt	--	142.6	--
EPIC Group 15% Senior Subordinated Notes(2)	--	40.3	--
Other Debt	16.7	20.4	46.8
Less Current Portion	(35.6)	(48.0)	(53.6)
Total Long-Term Debt	931.4	685.2	1,705.0
STOCKHOLDERS' EQUITY:			
Common Stock, $.001 par value: 400,000,000 shares authorized, 81,221,108 shares issued and outstanding (86,421,108 shares issued and outstanding, as adjusted)(3)	0.1	--	0.1
EPIC common stock, $.01 par value: 100,000,000 shares authorized, 40,167,753 shares issued and outstanding(4)	--	0.4	--
Additional paid-in capital(5)	828.3	245.8	828.3
Common Stock Offerings(6)	--	--	141.0
Deferred compensation	(0.6)	(137.4)	(0.6)
Retained deficit	(83.4)	(191.7)	(83.4)
Total Stockholders' Equity	744.4	(82.9)	885.4
Total Capitalization	$ 1,675.8	$ 602.3	$ 2,590.4

</TABLE>

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(1) Assumes 100% of each issue of Specified EPIC Debt Securities is purchased in the Tender Offers.
(2) EPIC redeemed such indebtedness in February 1994.
(3) Excludes (i) 7,812,849 shares of Common Stock reserved for issuance under the Company's stock plans and upon exercise of options granted under the Company's stock option plans; and (ii) 3,409,219 shares of Common Stock reserved for issuance upon the exercise of Warrants, of which 1,549,709 have been exercised since February 28, 1994. Also excludes approximately 900,000 shares of Common Stock to be issued and contributed by the Company to the Plan on or about May 15, 1994.
(4) As of January 8, 1994. Excludes 6,227,165 shares reserved for issuance upon exercise of certain options, stock appreciation rights and warrants.
(5) Additional paid-in capital with respect to the Company equals the total amount of (i) the net proceeds of the Company's initial public offering of Common Stock, (ii) the net proceeds of the sales of Common Stock to the ESOP, (iii) the estimated value of shares of Common Stock awarded under the Company's stock plans, (iv) the estimated aggregate fair market value of Warrants that were issued to HCA and certain other investors in connection with the Formation and the financing thereof and (v) the estimated aggregate fair market value of the Company's preferred stock surrendered by HCA upon exercise of Warrants to receive Common Stock, minus (vi) dividends paid and accrued and accretion of discount on preferred stock. In connection with the Formation, the Company issued Warrants exercisable for an aggregate of 36,874,551 shares of Common Stock (33,460,240 shares for HCA and 3,414,311 shares of certain other investors). The Company initially recorded its Warrants at an aggregate fair value of $117.0 million, or $3.18 per Warrant, as determined by an independent investment banking firm subsequent to the Formation. HCA recorded the fair value of its investment in the Warrants at $37.0 million or $1.11 per Warrant, based upon a valuation range determined by another investment banking firm. These respective values were based upon a number of assumptions and projections as to financial results, including estimates by the investment banking firms of the discounted present value of a share of Common Stock at September 17, 1987 ($3.38 in the case of the Warrant value recorded by the Company and a range of $.66 to $1.59 in the case of the Warrant value recorded by HCA). Each such estimate was based upon, among other things, certain different assumptions in the valuation of the Warrants as to the investment objectives of a purchaser of such Warrants (and, accordingly, an annual yield assumption for discounting to the date of the Formation the estimated value of a share of Common Stock at a future date) and the number of shares of Common Stock subject to the Warrants. After further review, the Company decreased the amount recorded for Warrants to $52.0 million, or $1.41 per Warrant. In addition, EPIC has received determinations of the fair value of the EPIC common stock from independent financial advisors that valued such stock at prices lower than the amount paid therefor by the EPIC ESOP in connection with the EPIC Formation.
(6) Excludes 1,015,312 shares of Common Stock to be sold in the Offerings by the Selling Stockholders upon the exercise of Warrants. Holders of Warrants that are outstanding following consummation of the Offerings remain entitled to certain demand and incidental registration rights in connection with their securities.

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SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables set forth selected historical financial information for (i) the Company for each of the years in the five-year period ended August 31, 1993 and for the six months ended February 28, 1994 and 1993; and (ii) EPIC for each of the years in the five-year period ended September 30, 1993 and for the three months ended December 31, 1993 and 1992. The selected financial information for the Company and EPIC for each of the years in the five-year periods ended August 31, 1993 and September 30, 1993, respectively, are derived from the consolidated financial statements of the Company and EPIC, each of which have been audited by Ernst & Young, independent auditors. The selected financial information for the Company for the six months ended February 28, 1994 and 1993 and for EPIC for the three months ended December 31, 1993 and 1992, are derived from unaudited condensed consolidated financial statements of the Company and EPIC and reflect all adjustments (consisting of normal recurring adjustments) that, in the opinion of management, are necessary for a fair presentation of such information. Operating results for the six months ended February 28, 1994 and the three months ended December 31, 1993 are not necessarily indicative of the results that may be expected for the Company's fiscal year ending August 31, 1994.

All information contained in the following tables should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and with the consolidated financial statements and related notes of the Company and EPIC included or incorporated by reference herein.

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

<TABLE>
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	SIX MONTHS ENDED FEBRUARY 28,		YEAR ENDED AUGUST 31,				
	1994	1993	1993	1992	1991	1990	1989
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:							
Net operating revenue	$1,274.6	$1,189.7	$2,394.6	$2,265.3	$2,025.7	$1,856.9	$1,769.1
Hospital service costs	1,000.9	926.0	1,888.6	1,796.0	1,615.8	1,488.2	1,429.9
Depreciation and amortization	69.7	64.9	132.7	127.5	120.8	119.2	121.5
Interest expense	42.3	50.9	99.8	119.6	152.6	161.1	189.8
ESOP/pension expense	20.5	23.1	39.0	38.7	97.0	100.7	138.6
Deferred compensation expense	0.6	3.0	4.3	8.1	18.7	31.1	27.2
Other (income) expense, net	(8.7)	(6.3)	(7.6)	(4.6)	(14.5)	23.1	14.8
Income (loss) before minority interests, taxes and extraordinary charges	149.3	128.1	237.8	180.0	35.3	(66.5)	(152.7)
Minority interests	4.1	7.4	11.9	15.3	13.3	8.6	1.7
Income tax expense (benefit)	59.0	49.4	90.7	71.4	15.4	(21.9)	(53.1)
Extraordinary charges (net of taxes)(1)	--	--	13.6	136.4	--	5.8	--
Net income (loss)	86.2	71.3	121.6	(43.1)	6.6	(59.0)	(101.3)
Redeemable preferred stock dividends	--	--	--	24.6	76.3	65.7	58.6
Net income (loss) to common stockholders	$ 86.2	$ 71.3	$ 121.6	$ (67.7)	$ (69.7)	$ (124.7)	$ (159.9)
EARNINGS (LOSS) PER SHARE:							
Before extraordinary charges	$ 1.02	$ 0.85	$ 1.62	$ 0.90	$ (1.15)	$ (2.03)	$ (2.78)
Extraordinary charges	--	--	0.16	1.78	--	0.10	--
Net income (loss) per common share	$ 1.02	$ 0.85	$ 1.46	$ (0.88)	$ (1.15)	$ (2.13)	$ (2.78)
Ratio of earnings to fixed charges(2)(3)	3.6x	3.0x	2.8x	2.2x	1.1x	--	--

</TABLE>

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	AS OF FEBRUARY 28,	AS OF AUGUST 31,				
	1994	1993	1992	1991	1990	1989

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			(DOLLARS IN MILLIONS)			
BALANCE SHEET DATA:						
Cash and short-term investments	$ 159.8	$ 151.3	$ 172.6	$ 302.6	$ 230.7	$ 12.2
Working capital	291.6	219.1	245.3	390.2	309.8	72.9
Total assets	2,515.8	2,536.7	2,379.7	2,445.4	2,293.8	2,210.6
Long-term debt	931.4	948.6	1,033.9	1,150.0	1,155.6	1,151.3
Redeemable preferred stock	--	--	--	575.9	499.6	433.9
Stockholders' equity	744.4	655.7	530.8	88.0	42.1	34.9

	SIX MONTHS ENDED FEBRUARY 28,		YEAR ENDED AUGUST 31,				
	1994	1993	1993	1992	1991	1990	1989
			(DOLLARS IN MILLIONS)				
OTHER DATA:							
Additions to property, plant and equipment	$ 83.7	$ 85.9	$ 219.5	$ 178.1	$ 170.3	$ 120.8	$ 98.4
Acquisitions	--	1.6	101.9	--	--	--	--
Ratio of operating cash flow to interest expense(4)	6.5x	5.2x	4.8x	3.9x	2.7x	2.3x	1.8x

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(1) Extraordinary after-tax charges relate to the early extinguishment of debt.

(2) The ratio of earnings to fixed charges was computed by dividing (i) income from continuing operations before fixed charges and income taxes by (ii) fixed charges, which consist of interest charges (interest expense plus interest charged to construction) and the portion of rent expense which is deemed to be equivalent to interest expense.

(3) The Company's earnings were inadequate to cover fixed charges for the years ended August 31, 1990 and 1989 by $75.5 million and $154.5 million, respectively.

(4) Operating cash flow represents net operating revenue less hospital service costs. For purposes of calculating the ratio of operating cash flow to interest expense, hospital service costs have been adjusted to include $25.5 million of cash ESOP/pension expense for the year ended August 31, 1993 (the only period presented which included cash ESOP/pension expense). Operating cash flow and the ratio of operating cash flow to interest expense do not take into account certain expenses that are reflected in the calculation of net income in accordance with GAAP, are not intended to represent any measure of performance in accordance with GAAP, and should not be considered in isolation or as a substitute for cash provided by operating activities, net income or any other consolidated income statement data prepared in accordance with GAAP. The ratio of operating cash flow to interest expense is included herein because the Company believes that it may be a useful tool for investors in measuring a company's ability to service its debt.

EPIC HOLDINGS, INC.

	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED SEPTEMBER 30,				
	1993	1992	1993	1992	1991	1990	1989
			(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA:							
Net operating revenue	$ 272.5	$ 244.4	$1,019.1	$ 941.3	$ 802.7	$ 742.4	$ 613.2
Hospital service costs	236.2	215.1	873.7	809.9	683.3	631.7	520.1
Depreciation and amortization	13.1	13.8	57.9	53.0	49.3	47.5	44.4
Interest expense	23.8	22.0	89.9	79.8	68.3	69.2	76.2
ESOP expense	5.7	5.2	20.7	20.7	23.1	15.4	16.9
Deferred compensation expense	0.7	(0.5)	3.8	11.8	8.1	5.8	15.6
Other income, net	(0.8)	(0.6)	(7.2)	(2.8)	(4.9)	(5.1)	(8.2)
Loss before minority interests, taxes and extraordinary charges	(6.2)	(10.6)	(19.7)	(31.1)	(24.5)	(22.1)	(51.8)

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Minority interests	1.7	0.6	3.5	2.0	2.1	1.8	0.1
Income tax expense (benefit)	0.4	0.2	2.0	(9.3)	(7.6)	(6.6)	(17.0)
Extraordinary charges (net of taxes)(1)	--	0.6	21.9	1.3	2.6	--	--
Net loss	(8.3)	(12.0)	(47.1)	(25.1)	(21.6)	(17.3)	(34.9)
Redeemable preferred stock dividends	--	--	--	11.1	22.8	19.0	18.1
Net loss to common stockholders	$ (8.3)	$ (12.0)	$ (47.1)	$ (36.2)	$ (44.4)	$ (36.3)	$ (53.0)
LOSS PER SHARE:							
Before extraordinary charges	$ (0.21)	$ (0.28)	$ (0.63)	$ (1.07)	$ (1.71)	$ (1.48)	$ (2.16)
Extraordinary charges	--	0.01	0.55	0.04	0.11	--	--
Net loss per common share	$ (0.21)	$ (0.29)	$ (1.18)	$ (1.11)	$ (1.82)	$ (1.48)	$ (2.16)
Ratio of earnings to fixed charges(2)(3)	--	--	--	--	--	--	--

</TABLE>

<TABLE>
<CAPTION>

	AS OF DECEMBER 31,	AS OF SEPTEMBER 30,				
	1993	1993	1992	1991	1990	1989
		(DOLLARS IN MILLIONS)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:						
Cash and short-term investments	$ 89.3	$ 112.5	$ 53.8	$ 84.6	$ 69.1	$ 71.3
Working capital	37.6	35.1	41.3	53.7	8.3	2.8
Total assets	898.5	875.0	780.8	763.4	758.0	743.2
Long-term debt	685.2	679.6	619.4	478.3	462.5	481.4
Redeemable preferred stock	--	--	--	186.0	163.2	144.2
Stockholders' equity (deficit)	(82.9)	(85.3)	(58.4)	(101.7)	(79.9)	(58.9)

</TABLE>

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<CAPTION>

	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED SEPTEMBER 30,				
	1993	1992	1993	1992	1991	1990	1989
			(DOLLARS IN MILLIONS)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OTHER DATA:							
Additions to property, plant and equipment	$ 23.4	$ 7.4	$ 60.8	$ 47.8	$ 25.6	$ 40.2	$ 19.4
Acquisitions	1.0	4.1	54.5	12.3	--	--	--
Ratio of operating cash flow to interest expense(4)	1.5x	1.3x	1.6x	1.6x	1.7x	1.6x	1.2x

</TABLE>

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(1) Extraordinary after-tax charges relate to the early extinguishment of debt.

(2) The ratio of earnings to fixed charges was computed by dividing (i) income from continuing operations before fixed charges and income taxes by (ii) fixed charges, which consist of interest charges (interest expense plus interest charged to construction) and the portion of rent expense which is deemed to be equivalent to interest expense.

(3) EPIC's earnings were inadequate to cover fixed charges for the three months ended December 31, 1993 and 1992 by $7.9 million and $11.5 million, respectively, and the years ended September 30, 1993, 1992, 1991, 1990 and 1989 by $24.2 million, $34.1 million, $27.7 million, $24.9 million and $51.9 million, respectively.

(4) Operating cash flow represents net operating revenue less hospital service costs. Operating cash flow and the ratio of operating cash flow to interest expense do not take into account certain expenses that are reflected in the calculation of net income in accordance with GAAP, are not intended to represent any measure of performance in accordance with GAAP, and should not be considered in isolation or as a substitute for cash provided by operating activities, net income or any other consolidated income statement data prepared in accordance with GAAP. The ratio of operating cash flow to interest expense is included herein because the Company believes that it may be a useful tool for investors in measuring a company's ability to service its debt.

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SELECTED PRO FORMA FINANCIAL INFORMATION

The following selected pro forma financial information is derived from the Unaudited Pro Forma Condensed Combined Financial Statements included elsewhere in this Prospectus and is based upon the consolidated financial statements of each of the Company and EPIC, adjusted to give effect to the Acquisition and the Financing Plan. The selected pro forma statement of operations data for the year ended August 31, 1993 and the six months ended February 28, 1994 gives effect to the Acquisition and the Financing Plan as if they had occurred on September 1, 1992. The pro forma balance sheet data as of February 28, 1994 gives effect to the Acquisition and the Financing Plan as if they had occurred on February 28, 1994.

All information contained in the following tables should be read in conjunction with "The Acquisition and the Financing Plan," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Unaudited Pro Forma Condensed Combined Financial Statements of the Company and the consolidated financial statements and related notes of the Company and EPIC included or incorporated by reference herein.

	PRO FORMA	
	SIX MONTHS ENDED FEBRUARY 28, 1994	YEAR ENDED AUGUST 31, 1993
	(UNAUDITED) (DOLLARS IN MILLIONS EXCEPT PER SHARE DATA)	
STATEMENT OF OPERATIONS DATA:		
Net operating revenue	$1,811.8	$3,413.7
Hospital service costs	1,463.4	2,762.3
Depreciation and amortization	104.3	201.2
Interest expense	72.6	161.1
ESOP/pension expense	31.3	59.7
Deferred compensation expense	0.6	4.3
Other income, net	(4.0)	(6.9)
Income before minority interests, taxes and extraordinary charges	143.6	232.0
Minority interests	6.9	15.4
Income tax expense	57.0	90.7
Net income before extraordinary charges	$ 79.7	$ 125.9
Earnings per share before extraordinary charges	$ 0.89	$ 1.42
Ratio of earnings to fixed charges(1)	2.5x	2.1x

	AS OF FEBRUARY 28, 1994
	(UNAUDITED) (DOLLARS IN MILLIONS)
BALANCE SHEET DATA:	
Cash and short-term investments	$ 20.0
Working capital	123.2
Total assets	3,663.3
Long-term debt	1,705.0
Stockholders' equity	885.4

	SIX MONTHS ENDED FEBRUARY 28, 1994	YEAR ENDED AUGUST 31, 1993
OTHER DATA:		
Ratio of operating cash flow to interest expense(2)	4.8x	3.9x

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(1) The ratio of earnings to fixed charges was computed by dividing (i) income from continuing operations before fixed charges and income taxes by (ii) fixed charges, which consist of interest charges (interest expense plus interest charged to construction) and the portion of rent expense which is deemed to be equivalent to interest expense.

(2) Operating cash flow represents net operating revenue less hospital service costs. For purposes of calculating the ratio of operating cash flow to interest expense, the Company's hospital service costs have been adjusted to include $25.5 million of cash ESOP/pension expense for the year ended August 31, 1993 (the only period presented which included cash ESOP/pension expense). Operating cash flow and the ratio of operating cash flow to interest expense do not take into account certain expenses that are reflected in the calculation of net income in accordance with GAAP, are not intended to represent any measure of performance in accordance with GAAP, and should not be considered in isolation or as a substitute for cash provided by operating activities, net income or any other consolidated income statement data prepared in accordance with GAAP. The ratio of operating cash flow to interest expense is included herein because the Company believes that it may be a useful tool for investors in measuring a company's ability to service its debt.

SELECTED OPERATING STATISTICS

The following tables set forth certain operating statistics for the hospitals operated by the Company and EPIC for each of the periods indicated.

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

<TABLE>
<CAPTION>

	YEAR ENDED AUGUST 31,		
	1993	1992	1991
	(DOLLARS IN MILLIONS)		
<S>	<C>	<C>	<C>
HISTORICAL OPERATING DATA:			
Number of hospitals.......................................	81	81	85
Bed capacity(1)...	11,233	11,374	11,607
Gross revenue:(2)			
Inpatient..	$ 2,594.2	$ 2,439.3	$ 2,148.6
Outpatient...	$ 1,181.6	$ 1,021.9	$ 814.2
Net operating revenue(3)..................................	$ 2,394.6	$ 2,265.3	$ 2,025.7
Patient days..	1,541,536	1,616,340	1,658,061
Adjusted patient days(4)..................................	2,243,677	2,293,453	2,286,357
Average length of stay (days).............................	5.4	5.5	5.7
Admissions..	284,606	291,599	293,344
Adjusted admissions(5)....................................	414,239	413,755	404,502
Occupancy rate(6)...	40.5%	40.2%	40.4%
Operating margin(7).......................................	21.1%	20.7%	20.2%

</TABLE>

EPIC HOLDINGS, INC.

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
	(DOLLARS IN MILLIONS)		
<S>	<C>	<C>	<C>
HISTORICAL OPERATING DATA:			
Number of hospitals.......................................	34	35	34
Bed capacity(1)...	4,444	4,332	4,296
Net operating revenue:(3)			
Acute inpatient net revenue.............................	$ 469.2	$ 489.1	$ 454.4
Outpatient net revenue..................................	317.2	282.1	234.7
Other net revenue(8)....................................	232.7	170.1	113.6
Net operating revenue(3)..................................	$ 1,019.1	$ 941.3	$ 802.7
Patient days..	589,283	641,373	643,210
Adjusted patient days(4)..................................	943,355	940,046	906,640
Average length of stay (days).............................	5.8	6.0	6.0
Admissions..	101,487	106,990	106,534

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Adjusted admissions(5)	162,466	156,813	150,134
Occupancy rate(6)	39%	40%	41%
Operating margin(7)	14.3%	14.0%	14.9%

</TABLE>

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(1) Average number of licensed beds during the period. "Licensed beds" are those beds for which a facility has been granted approval to operate from the appropriate state licensing agency.
(2) Gross revenue represents the hospitals' standard charges for services performed prior to any contractual adjustments and/or policy discounts.
(3) Net operating revenue represents gross revenue less any contractual adjustments and/or policy discounts.
(4) Represents actual patient days adjusted to include outpatient and emergency room services by multiplying actual patient days by the sum of inpatient revenue and outpatient revenue and dividing the result by inpatient revenue.
(5) Represents actual admissions adjusted to include outpatient and emergency room services by multiplying actual admissions by the sum of inpatient revenue and outpatient revenue and dividing the result by inpatient revenue.
(6) Based on the number of licensed beds in service.
(7) Operating margin for each period presented refers to the result obtained by dividing (i) net operating revenue less hospital service costs by (ii) net operating revenue.
(8) Other net revenue includes revenue from skilled nursing, rehabilitation and geropsychiatric units, home health visits and management contract fees.

DESCRIPTION OF EPIC

EPIC is a health care services provider that owns and operates acute care hospitals and related health care businesses. EPIC owns and operates 34 general acute care hospitals with a total of 4,444 licensed beds and has approximately 11,200 full time equivalent employees. EPIC's hospitals offer inpatient, outpatient and other specialty services and are situated primarily in suburban locations and cities in 10 southern, southwestern and western states. In addition, EPIC offers, as an extension of its basic health care services, certain specialty programs and services, including home health care, rehabilitation services, skilled nursing care, health care management services and selected mental health services. Twenty-seven of EPIC's hospitals are located in Texas, California, Oklahoma or Louisiana. EPIC also owns or manages (i) associated medical office buildings, as well as related health care businesses, (ii) two long-term care facilities, (iii) certain vacant developed and undeveloped properties and (iv) a 238,000 square foot office facility in Dallas, Texas which serves as its administrative support center. EPIC is also constructing a 125-bed acute care facility in Mandeville, Louisiana which is expected to be completed in June 1994. As of December 6, 1993, the EPIC ESOP, which was established to increase incentives to EPIC employees and to finance the EPIC Formation, owned approximately 60.8% (53% on a fully-diluted basis) of the EPIC common stock outstanding. Pursuant to the ESOP Agreement and in connection with the Acquisition, contributions to the EPIC ESOP will be terminated. See "Properties," "Price Range of Common Stock," "Dividend Policy" and "EPIC Managements' Discussion and Analysis of Financial Condition and Results of Operations."

PROPERTIES

The following table sets forth certain information relating to each of the hospitals operated by the Company at November 1, 1993 and by EPIC at September 30, 1993, grouped by state. Hospitals operated by EPIC appear in italicized type. Unless otherwise noted below, all hospitals are wholly-owned by subsidiaries of the Company or EPIC.

<TABLE>
<CAPTION>

STATE	NAME	LOCATION	NUMBER OF LICENSED BEDS
Alabama	Andalusia Hospital	Andalusia	77
	Crestwood Hospital	Huntsville	120
	Selma Medical Center	Selma	214
Arizona	El Dorado Hospital & Medical Center	Tucson	166
	Northwest Hospital	Tucson	150
Arkansas	DeQueen Regional Medical Center	DeQueen	122
	*Medical Park Hospital	Hope	91
California	Chino Community Hospital	Chino	118
	Palm Drive Hospital	Sebastopol	56
	*Healdsburg General Hospital	Healdsburg	49
	*Mission Bay Memorial Hospital	San Diego	150

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	*Visalia Community Hospital	Visalia	52
	Westside Hospital(1)	Los Angeles	87
Florida	North Okaloosa Medical Center	Crestview	110
	Palm Beach Regional Hospital	Lake Worth	200
	East Pointe Hospital	Lehigh Acres	88
	Palms West Hospital	Loxahatchee	117
	Santa Rosa Medical Center(2)	Milton	129
	Plantation General Hospital(3)	Plantation	264
	Edward White Hospital	St. Petersburg	167
	South Bay Hospital	Sun City Center	112
	*Clearwater Community Hospital(4)	Clearwater	133
	*Lake City Medical Center	Lake City	75

</TABLE>

<TABLE>
<CAPTION>

STATE	NAME	LOCATION	NUMBER OF LICENSED BEDS
<S>	<C>	<C>	<C>
Georgia	Doctors Hospital(5)	Columbus	248
	Lanier Park Regional Hospital	Gainesville	124
	*Barrow Medical Center	Winder	60
Idaho	West Valley Medical Center	Caldwell	150
	Eastern Idaho Regional Medical Center	Idaho Falls	286
Indiana	Terre Haute Regional Hospital	Terre Haute	284
Kentucky	Scott General Hospital	Georgetown	75
	Spring View Hospital	Lebanon	113
	PineLake Medical Center	Mayfield	116
	Meadowview Regional Hospital	Maysville	111
	Bourbon General Hospital	Paris	60
	Logan Memorial Hospital	Russellville	100
Louisiana	Medical Center of Baton Rouge	Baton Rouge	225
	Medical Center of SW Louisiana	Lafayette	166
	Women's and Children's Hospital(6)	Lafayette	93
	Lakeside Hospital	Metairie	186
	Dauterive Hospital	New Iberia	113
	Doctor's Hospital of Opelousas(7)(8)	Opelousas	133
	*Highland Park Hospital	Covington	104
	*Riverview Medical Center	Gonzales	104
Mississippi	Vicksburg Medical Center	Vicksburg	144
	*Garden Park Community Hospital(9)	Gulfport	120
Missouri	Springfield Community Hospital	Springfield	200
North Carolina	Davis Community Hospital	Statesville	149
	The Brunswick Hospital(10)	Supply	60
	Heritage Hospital	Tarboro	127
Oklahoma	Edmond Regional Medical Center	Edmond	139
	Wagoner Community Hospital(11)	Wagoner	100
	*Claremore Hospital	Claremore	89
	*Doctor's Medical Center	Tulsa	211
	*Southwestern Medical Center	Lawton	108
Oregon	McMinnville Community Hospital	McMinnville	80
	Douglas Community Hospital	Roseburg	118
South Carolina	Marlboro Park Hospital	Bennettsville	111
	Chesterfield General Hospital	Cheraw	72
	Colleton Regional Hospital	Walterboro	131
	Doctor's Memorial Hospital(8)(12)	Spartanburg	108

</TABLE>

<TABLE>
<CAPTION>

STATE	NAME	LOCATION	NUMBER OF LICENSED BEDS
<S>	<C>	<C>	<C>
Tennessee	Smith County Memorial Hospital	Carthage	66
	Sycamore Shoals Hospital	Elizabethton	100
	Trinity Hospital	Erin	40
	Hendersonville Hospital(13)	Hendersonville	120
	Johnson City Specialty Hospital(14)	Johnson City	39
	North Side Hospital(15)	Johnson City	154
	Crockett Hospital	Lawrenceburg	106
	Livingston Regional Hospital	Livingston	106
	River Park Hospital(16)	McMinnville	89
	South Pittsburg Municipal Hospital(17)	South Pittsburg	107

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	Southern Tennessee Medical Center(18)	Winchester	212
	Stones River Hospital	Woodbury	85
Texas	Northeast Community Hospital	Bedford	200
	Valley Regional Medical Center	Brownsville	158
	Brownwood Regional Hospital(19)	Brownwood	218
	Doctors Hospital(20)	Conroe	135
	Medical Center Hospital	Conroe	182
	El Campo Memorial Hospital	El Campo	41
	Gilmer Medical Center	Gilmer	46
	Sun Belt Regional Medical Center(21)	Houston	273
	Midway Park Medical Center	Lancaster	90
	Longview Regional Hospital	Longview	80
	Woodland Heights Medical Center	Lufkin	117
	Coronado Hospital	Pampa	115
	Bayshore Medical Center	Pasadena	469
	Detar Hospital	Victoria	303
	Gulf Coast Medical Center	Wharton	161
	*Alice Physicians & Surgeons Hospital	Alice	131
	*Alvin Community Hospital	Alvin	86
	*Coastal Bend Hospital	Aransas Pass	75
	*Denton Regional Medical Center	Denton	297
	Doctor's Hospital of Laredo(22)	Laredo	91
	*Fort Bend Community Hospital	Missouri City	80
	*Katy Medical Center	Katy	103
	Mainland Regional Healthcare System(23)	Texas City	430
	Medical Arts Hospital(8)	Dallas	72
	Medical Arts Hospital(8)	Texarkana	110
	*Medical Plaza Hospital	Sherman	164
	North Texas Medical Center	McKinney	270
	*Parkway Hospital	Houston	262
	*Riverside Hospital	Corpus Christi	89
	*Round Rock Community Hospital	Round Rock	75
	Terrell Community Hospital(23)	Terrell	101
	*Westbury Hospital	Houston	134
Utah	Lakeview Hospital	Bountiful	128
	Brigham City Community Hospital	Brigham City	50
	Mountain View Hospital	Payson	118
	Castleview Hospital	Price	88
	Ashley Valley Medical Center	Vernal	39
	Pioneer Valley Hospital	West Valley City	139

</TABLE>

<TABLE>
<CAPTION>

STATE	NAME	LOCATION	NUMBER OF LICENSED BEDS
<S>	<C>	<C>	<C>
Virginia	Northern Virginia Doctors Hospital	Arlington	267
	Montgomery Regional Hospital	Blacksburg	146
	Pulaski Community Hospital	Pulaski	153
Washington	Capital Medical Center	Olympia	110
Wyoming	Riverton Memorial Hospital	Riverton	70

</TABLE>

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* The land, building, and improvements are owned by EPIC Properties, are subject to the Mortgages (as hereinafter defined), and are leased to EPIC Master Leasing, Inc. ("Master Leasing") pursuant to a lease.

(1) Owned by a limited partnership of which 28.7% of the interest is held by non-EPIC limited partners. The limited partnership has leased the hospital to a joint venture of which approximately 23.7% is held by non-EPIC minority owners.

(2) Lease expires in 2005, unless landlord exercises option to purchase facility for book value in 1995.

(3) Operated by a partnership of which the Company is the general partner owning 53% and certain physicians are limited partners owning 47%.

(4) Operated by a limited partnership of which approximately 18% of the interest is held by non-EPIC limited partners.

(5) Owned by the Company as a tenancy in common with physicians having a minority interest of 40.5%.

(6) Ground lease expires in 2011; there are two ten-year optional renewal terms.

(7) Operated by a limited partnership of which approximately 23% of the interest is held by non-EPIC limited partners.

(8) The facility is leased from a third party other than EPIC Properties.

(9) Operated by a limited partnership in which investors other than EPIC receive the first $2 million earned by the partnership after payment of the

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lease payments due to EPIC ($3 million per year, increasing by 15% per year), and EPIC is entitled to 60% of all additional earnings.

(10) Lease expires in 2024.

(11) Lease expires in 2007.

(12) Operated by a limited partnership of which approximately 15% of the interest is held by non-EPIC limited partners. With the consent of the Company, EPIC has not renewed the lease for this facility. Such lease will expire in July 1994.

(13) Owned by a partnership of which the Company is the general partner owning 83% and certain physicians are limited partners owning 17%.

(14) Owned by a partnership of which the Company is the general partner owning 87% and certain physicians are limited partners owning 13%.

(15) Owned by the Company as a tenancy in common with physicians having a minority interest of 30.25%.

(16) Owned by a partnership of which the Company is the general partner owning 78% and certain physicians are limited partners owning 22%.

(17) Managed by the Company for profits and losses attributable thereto with an option to buy for $50,000 and the provision for full payment of all outstanding indebtedness issued in connection with the construction of the hospital. The Company's management contract for this facility expires in 1999.

(18) Includes a leased (lease expires in 2020) hospital campus located in Sewanee, Tennessee with 50 licensed beds.

(19) Lease expires in 2000; there are two optional renewal terms of ten years each.

(20) Initial term of lease expires in 2006; there are three optional renewal terms of ten years each. The Company has an option to buy this facility for an amount determined in accordance with a specified formula.

(21) Includes a hospital campus located at Channelview, Texas with 96 licensed beds.

(22) Operated by a limited partnership of which approximately 22.125% of the interest is held by non-EPIC limited partners.

(23) The hospital consists of two facilities, one of which is leased from a third party.

The Company is engaged from time to time in discussions relating to proposed sales of certain of its hospitals and of minority interests in, or joint ventures with medical staff physicians or others with respect to, certain other facilities. However, except as noted in the table above, as of November 1, 1993, no definitive arrangements with respect to any sales or joint ventures had been agreed upon by the Company.

The Company also owns (i) a 50% interest in a general partnership with Orlando Regional Medical Center, Inc., which partnership owns South Seminole Community Hospital (126 beds) in Longwood, Florida; (ii) a 50% interest in a general partnership with Presbyterian Hospital of Charlotte, which partnership owns Orthopaedic Hospital of Charlotte (166 beds) in Charlotte, North Carolina; and (iii) a 25% interest in a general partnership with AMI, which partnership owns Encino Hospital (188 beds) in Encino, California and Tarzana Medical Center (177 beds) in Tarzana, California. The Company has also formed a joint venture with Austin Diagnostic Clinic, P.A. for the purpose of constructing and operating an integrated healthcare facility in Austin, Texas. This facility, currently under construction, will consist of a 180-bed hospital, a diagnostic and treatment center and a medical office building. Following completion of construction the Company will manage the hospital. In addition, the Company, through its subsidiaries or joint venture arrangements, owns, leases or manages approximately 120 medical office buildings with physicians' office

space and various parcels of undeveloped land, substantially all of which are adjacent to its hospitals. The Company also occupies approximately 65,000 square feet of corporate office space in Nashville, Tennessee.

Twenty-four of the 34 EPIC hospitals are owned by EPIC Properties, a wholly-owned subsidiary of EPIC, and are subject to mortgages (the "Mortgages") granted in connection with the issuance of the EPIC Mortgage Notes. EPIC Properties leases these 24 hospitals to Master Leasing, a wholly-owned subsidiary of EPIC. With respect to these 24 hospitals, EPIC has agreed to indemnify EPIC Properties, the trustee under the indenture governing the EPIC Mortgage Notes (the "Mortgage Notes Trustee"), all holders of the EPIC Mortgage Notes and each of their respective subsidiaries, directors, officers, agents, successors and assigns from liabilities relating to the presence of hazardous wastes, any medical or infectious wastes, or substances in the soil or ground water of any real property on which such hospitals are located in concentrations that the applicable federal or state environmental agency would require remedial action to correct (the "Environmental Indemnity"). Pursuant to the Environmental Indemnity, EPIC is obligated to remediate or to cause to be remediated any spill, leak, disposal, discharge or release of certain materials on or beneath any property occurring during the period that the EPIC Mortgage Notes remain outstanding. EPIC Properties has collaterally assigned the Environmental

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Indemnity to the Mortgage Notes Trustee.

PRICE RANGE OF COMMON STOCK

HEALTHTRUST

The Common Stock is listed on the NYSE under the symbol "HTI." On April 28, 1994, the last sale price of the Common Stock, as reported on the NYSE, was $29 per share. The following table sets forth the high and low sale prices of the Common Stock for the periods indicated as reported by the NYSE Composite Tape since the initial public offering of the Common Stock on December 13, 1991:

FISCAL YEAR ENDED AUGUST 31, 1992	HIGH	LOW
Second Quarter (beginning December 13, 1991)	$23 3/4	$13 5/8
Third Quarter	20 5/8	14 1/8
Fourth Quarter	17 1/4	13 1/8
FISCAL YEAR ENDED AUGUST 31, 1993		
First Quarter	17 7/8	11 7/8
Second Quarter	19 7/8	12
Third Quarter	19 1/8	13 3/8
Fourth Quarter	21 7/8	17 3/8
FISCAL YEAR ENDING AUGUST 31, 1994		
First Quarter	24 3/4	19 3/4
Second Quarter	29 5/8	22 1/2
Third Quarter (through April 28, 1994)	33 1/4	27 3/4

EPIC

There is no established trading market for the common stock of EPIC Holdings. The EPIC Holdings common stock is not listed on any securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System. As of December 14, 1993, there were 43 holders of record of the EPIC Holdings common stock. In addition, there is no established trading market for the common stock of EPIC Group, and as of December 14, 1993, EPIC Holdings was the only holder of record thereof.

DIVIDEND POLICY

The Company has never paid dividends on its Common Stock. The Company currently intends to retain earnings for working capital, capital expenditures, general corporate purposes and reduction of outstanding indebtedness. Accordingly, the Company does not expect to pay dividends in the foreseeable future. In addition, the declaration and payment of dividends on the Common Stock are prohibited by the terms of the Company's existing bank credit facility and restricted by the indentures governing certain of the Company's other long term indebtedness (including the indenture pursuant to which the indebtedness to be issued in the Subordinated Debt Offering will be issued), and the Company anticipates that similar prohibitions will be included in the 1994 Credit Agreement.

Each share of EPIC Holdings common stock and EPIC Group common stock has an equal and ratable right to receive dividends to be paid from EPIC's assets legally available therefor when, as and if declared by the Board of Directors of EPIC Holdings or EPIC Group, as the case may be. No dividends have been paid on the EPIC Holdings common stock. Cash dividends of $1,022,000 were paid on the EPIC Group common stock in September 1993. The declaration and payment of dividends on the EPIC Holdings common stock and EPIC Group common stock are restricted by the terms of the instruments governing certain of EPIC's outstanding long-term indebtedness. It is anticipated that if the Acquisition and the Financing Plan (including the Tender Offers or the related consent solicitation) are consummated, such restrictions will be eliminated.

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

The following discussion has been taken from the Annual Report on Form 10-K for the fiscal year ended September 30, 1993 and the Quarterly Report on Form 10-Q for the quarter ended December 31, 1993 of EPIC Holdings and EPIC Group.

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Such discussion should be read in conjunction with the historical financial statements of EPIC Holdings and EPIC Group appearing elsewhere in this Prospectus.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

The following table summarizes certain operating results and statistics of EPIC Group for the years ended September 30, 1993, 1992 and 1991 (dollars in thousands).

<TABLE>
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	YEAR ENDED SEPTEMBER 30, 1993		YEAR ENDED SEPTEMBER 30, 1992		YEAR ENDED SEPTEMBER 30, 1991	
Operating result(s)						
Net operating revenue...............	$1,019,149	100%	$941,266	100%	$802,689	100%
Costs and expenses:						
Salaries and wages................	354,326	35	319,868	34	271,007	34
Employee benefits.................	84,615	8	81,365	9	68,434	9
ESOP expense......................	20,715	2	20,714	2	23,076	3
Supplies..........................	121,986	12	116,145	12	99,882	12
Uncompensated care................	80,643	8	69,308	7	59,425	7
Professional liability insurance...	13,570	1	13,268	2	14,878	2
Other.............................	222,200	22	221,611	24	177,755	22
Depreciation and amortization......	57,917	6	53,013	6	49,354	6
Interest expense..................	70,934	7	71,000	7	68,266	9
Interest income......................	(3,627)	--	(3,822)	(1)	(5,405)	(1)
(Gain) loss on sale of assets........	(3,521)	--	1,123	--	543	--
Loss before income tax benefit, minority interests and extraordinary item................	$ (609)	--	$(22,327)	(2)%	$(24,526)	(3)%
Other Data:						
EBDAIT(1)(2).........................	$ 145,058	14%	$129,383	14%	$117,902	15%
Operating Statistics						
Equivalent admissions(3)............	162,466		156,813		150,134	
Admissions(4)						
Medicare and Medicaid.............	65,867	65%	65,659	61%	60,701	57%
Private and other.................	35,620	35	41,331	39	45,833	43
Total..........................	101,487	100%	106,990	100%	106,534	100%
Outpatient:						
Visits............................	1,002,547		918,187		789,244	
Surgeries.........................	69,153		66,965		62,892	
Home health visits..................	1,094,842		502,998		202,946	
Equivalent patient days(5)..........	943,355		940,046		906,640	
Patient days........................	589,293		641,373		643,210	
Licensed beds occupancy rate.........		39%		40%		41%
Licensed beds at end of period.......	4,444		4,332		4,296	

</TABLE>

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	YEAR ENDED SEPTEMBER 30, 1993	YEAR ENDED SEPTEMBER 30, 1992	YEAR ENDED SEPTEMBER 30, 1991
Net revenues by payor:			
Medicare......................................	48%	44%	39%
Medicaid......................................	7	7	7
Private and other.............................	45	49	54
Total.....................................	100%	100%	100%

</TABLE>

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(1) Percentages are expressed as percentages of net operating revenue.
(2) This item represents earnings before depreciation, amortization, interest expense, interest income, income tax benefit, ESOP expense, non-cash SAR expense, minority interests, gain on sale of assets and extraordinary item.

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It is not intended to represent cash flow or any other measure of performance in accordance with generally accepted accounting principles. EBDAIT is included herein because EPIC management believes that certain investors find it to be a useful tool for measuring the ability to service debt.

(3) Represents actual admissions as adjusted to include outpatient services by adding to actual admissions an amount derived by dividing outpatient revenue by inpatient revenue per admission. EPIC Group believes that this statistic is frequently used as a benchmark to analyze the volume of total services provided to patients and has become more meaningful than occupancy rates and patient days as a result of industry trends toward increased use of outpatient services.

(4) Percentages are expressed as percentage of total admissions.

(5) Represents actual patient days as adjusted to include outpatient services by adding to actual patient days an amount derived by dividing outpatient revenue by inpatient revenue per patient day.

RESULTS OF OPERATIONS -- EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NET OPERATING REVENUE

EPIC Group recorded net operating revenue of $1,019.1 million for the year ended September 30, 1993. Net operating revenue increased $77.9 million (8%) in 1993 and $138.6 million (17%) in 1992.

Acute inpatient net revenue, which totalled $469.2 million for the year ended September 30, 1993, decreased $19.9 million (4%) in 1993, and increased $34.7 million (8%) in 1992. Approximately 50% of the decrease in 1993 was due to the sale of two hospitals during the second quarter of fiscal 1993. This decrease was offset by additional Medicare and Medicaid payments during 1993. The increase during 1992 was due to additional Medicare and Medicaid payments and price increases of up to 10% in selected markets and services. Acute inpatient admissions, which totalled 89,247 in 1993, decreased 7% in 1993 and 1% in 1992, and acute patient days, which totalled 408,216 in 1993, decreased 8% in 1993 and 3% in 1992, as the direction of healthcare services shifted toward outpatient services, inpatient specialty units, and home health services.

Outpatient net revenue, which totalled $317.2 million for the year ended September 30, 1993, increased $35.1 million (12%) in 1993 and $47.4 million (20%) in 1992. The number of outpatient surgeries, which totalled 69,153 in 1993, increased 3% in 1993 and 6% in 1992, respectively, and selected price increases were implemented in 1992. Other outpatient visits, which totalled 1,002,547 in 1993, increased 9% in 1993 and 16% in 1992.

Inpatient specialty unit net revenue, which totalled $111.3 million for the year ended September 30, 1993, and for which EPIC Group generally receives payment on a cost reimbursement basis, increased $.7 million (1%) in 1993 and $12.6 million (13%) in 1992. Specialty unit admissions increased 13% in 1993 and 15% in 1992. The number of specialty care units, which include skilled nursing, rehabilitation, and geriatric psychiatric units, were 56, 57 and 52 at September 30, 1993, 1992 and 1991, respectively.

Net revenue from home health visits, which totalled $85.7 million for the year ended September 30, 1993, increased $47.9 million (127%) in 1993 and $24.8 million (191%) in 1992. Home health visits increased 118% in 1993 and 148% in 1992. Approximately 34% and 19% of the increases in home health visits in 1993 and 1992, respectively, resulted from the purchase of existing home health businesses in EPIC Group's current markets.

Other revenue which totaled $36.0 million for the year ended September 30, 1993, increased $14.3 million (66%) in 1993 and $9.5 million (78%) in 1992. Of this revenue, total geriatric psychiatric, rehabilitation and home healthcare management contract fees increased $9.7 million and $4.4 million during 1993 and 1992, respectively.

Net patient revenue attributable to patients covered under the Medicare, Medicaid and other government programs as a percentage of total net patient revenue was 55%, 51% and 46% for 1993, 1992 and 1991, respectively. Net revenue attributable to patients covered under various contracted discount programs totaled 18%, 18% and 20% of total net revenue for 1993, 1992 and 1991, respectively. The increase in net revenue was due, in part, to increased admissions of Medicare and Medicaid patients, including the continued increase in utilization of specialty care units and home health services for which EPIC is paid on a cost reimbursement basis, and the increase in rates paid by governmental entities under Medicare and Medicaid programs.

COSTS AND EXPENSES

Costs and expenses, as a percentage of net operating revenue decreased 2%

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in 1993 and 1% in 1992.

Salaries and wages increased 1% as a percentage of net operating revenue in 1993 compared to 1992 due to the increase in home health net revenue, which is more labor intensive than inpatient care. Salaries and wages remained constant as a percentage of net operating revenue in 1992 compared to 1991. EPIC ESOP expense remained constant as a percentage of net operating revenue in 1993 compared to 1992 and decreased 1% as a percentage of net operating revenue in 1992 compared to 1991 due to increased contributions in 1991 to the EPIC ESOP.

Other expenses decreased 2% as a percentage of net operating revenue in 1993 compared to 1992 and increased 2% as a percentage of net operating revenue in 1992 compared to 1991 due primarily to $2.9 million in expenditures to upgrade various computer software applications during 1992 not incurred in 1993, and a $6.6 million increase during 1992 in costs relating to programs to recruit new physicians. There were no significant fluctuations in employee benefits, supplies, uncompensated care and professional liability insurance as a percentage of net operating revenue from 1991 to 1993.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by $4.9 million in 1993 compared to 1992 and $3.6 million in 1992 compared to 1991. The increases resulted from property and equipment additions, net of asset sales and retirements. Fiscal 1993 and 1992 also include depreciation on $9.8 million of property and equipment relating to Colonial Hospital, which was purchased October 1, 1991.

INTEREST EXPENSE AND INTEREST INCOME AND GAIN ON SALE OF ASSETS

Interest expense decreased $.1 million in 1993 compared to 1992 and increased $2.7 million in 1992 compared to 1991. The 1993 change was due to an increase in the amount of debt outstanding beginning in the third quarter offset by a decrease in interest rates. The 1992 increase was due to accretion of non-cash interest on certain notes and termination of an interest rate cap agreement in 1992. Interest income did not fluctuate significantly over the three-year period. During the second quarter of fiscal 1993, EPIC Group sold Valley Medical Center ("Valley") in El Cajon, California, which resulted in a gain on sale of $4.6 million. Other dispositions during fiscal 1993, including Westpark Community Hospital in Hammond, Louisiana ("Westpark"), resulted in losses on sale of $1.1 million.

LOSS BEFORE INCOME TAX BENEFIT, MINORITY INTERESTS AND EXTRAORDINARY ITEM

EPIC Group incurred a loss before income tax benefit, minority interests, and extraordinary item of $.6 million, $22.3 million and $24.5 million for the years ended September 30, 1993, 1992, and 1991,

respectively. The following non-cash charges are included in the loss before income tax benefit, minority interests and extraordinary item:

<TABLE>
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	YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Depreciation and amortization..........................	$ 57,917	$ 53,013	$ 49,354
Non-cash portion of SAR Plan compensation expense......	3,249	10,805	7,137
Non-cash portion of interest expense...................	18,286	18,417	13,975
Non-cash portion of professional liability risks.......	2,641	4,131	11,291
ESOP expense...	20,715	20,714	23,076
Total..	$102,808	$107,080	$104,833

</TABLE>

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1993, EPIC Group had working capital of $30.0 million (current assets of $210.1 million less current liabilities of $180.1 million), which included approximately $107.9 million of cash, cash equivalents and marketable securities. EPIC's existing bank credit facility requires $42.7 million in cash and marketable securities be restricted for the redemption of the remaining outstanding Senior Subordinated Notes. EPIC Group has available $30 million in loan commitments under the bank credit facility. EPIC Properties has a revolving line of credit of the lesser of $22.0 million or the annual

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interest accrual on the EPIC Mortgage Notes for the purpose of paying the EPIC Mortgage Notes interest and principal.

Because AMI assumes all liability for professional liability incidents occurring prior to October 1, 1988 at EPIC Group's facilities acquired from AMI, EPIC Group continues to experience lower cash payments for its professional liability losses than has historically been the case for these hospitals. That fact, coupled with the relatively long lag time for settlement of professional liability claims, has led EPIC Group to expect that professional liability payments for which EPIC Group is self-insured, will be comparable to or less than the related expense in the next several years.

On June 18, 1993, EPIC Group implemented a refinancing plan designated to improve its operating and financial flexibility by reducing its future interest expense (the "Refinancing"). The Refinancing included the following components: (i) the issuance and sale in a public offering of approximately $160 million aggregate principal amount of 10 7/8% Notes; (ii) redemption of $74.7 million of EPIC Group's 15% Senior Subordinated Notes; and (iii) the redemption of $53.7 million principal amount of EPIC Group's 11% Junior Subordinated Pay-in-Kind Notes with $20 million of the proceeds from the offering and $10 million of working capital. EPIC Group was required to call $40.3 million of the 15% Senior Subordinated Notes on February 1, 1994, with the remaining proceeds as required by EPIC Group's existing bank credit facility. As a result of the refinancing, EPIC Group incurred an extraordinary loss before tax of $21.4 million from the write-off of loan issue costs and unamortized discount on the 15% Senior Subordinated Notes and the redeemed 11% Pay-in-Kind Notes, payments to the holders of the 15% Senior Subordinated Notes and the 11 7/8% Senior ESOP Notes for waivers of certain provisions of the respective indentures and the accrual of the call premium to be paid on redemption of $40.3 million of the 15% Senior Subordinated Notes.

Cash provided by operating activities totalled $119.2 million and $57.9 million for the years ended September 30, 1993 and 1992, respectively. The increase in operating cash in fiscal 1993 was due to a decrease in the loss before income tax benefit (expense), minority interests and extraordinary item of $21.7 million in fiscal 1993. Also, accounts receivable increased $35.2 million in fiscal 1992, which was attributable primarily to an increase of $41.8 million in net operating revenue in the fourth quarter of fiscal 1992.

Cash used in investing activities totalled $123.5 million and $61.0 million for the years ended September 30, 1993 and 1992, respectively. EPIC Group added other property and equipment totalling $60.8 million and $47.9 million during fiscal 1993 and 1992, respectively. EPIC Group's investments in marketable securities increased $36.7 million during fiscal 1993 and decreased $5.2 million during fiscal 1992.

The County of Galveston, Texas, entered into an agreement with EPIC providing for the lease for 20 years of Mainland Center Hospital ("Mainland"), the County's 310-bed facility, and the purchase of certain of the hospital's net current assets and equipment. The lease payments, which were paid in full upon execution of the lease, and purchase price of the net assets and equipment acquired totaled $46 million, a portion of which was offset by the cash included in Mainland's current assets (approximately $5 million). The lease also provides EPIC with two additional ten year options to extend the lease and the right to purchase the facility on the first anniversary of the lease for approximately $.5 million.

During fiscal 1993, EPIC purchased two imaging centers for $7.8 million and two home health agencies for $4.0 million. On October 1, 1991, EPIC Group purchased Colonial Hospital, a 49-bed hospital in Terrell, Texas, for $10.4 million.

EPIC sold Westpark in January 1993 for $6.2 million in cash and recorded a net loss on the sale of $.6 million in 1993 and $.8 million in fiscal 1992 in anticipation of the sale. EPIC sold Valley in March 1993 for $17 million in cash and recorded a gain on sale of $4.6 million. EPIC retained ownership of Westpark's and Valley's accounts receivable and other current assets.

Cash provided by financing activities totalled $28.4 million for the year ended September 30, 1993 and cash used in financing activities totalled $33.1 million for the year ended September 30, 1992. The Refinancing provided $44.8 million of net proceeds in 1993. A subsidiary of EPIC Group purchased $5.4 million and $19.9 million of the 11 7/8% Senior ESOP Notes on the open market for $5.6 million and $20.3 million plus accrued interest in fiscal 1993 and 1992, respectively. During fiscal 1993, EPIC paid $5.5 million in debt issue costs relating to the Refinancing. On August 31, 1993, EPIC purchased Healthtrust's 40% interest in the North Texas Medical Center Joint Venture in McKinney, Texas, which owns and operates North Texas Medical Center, for $15.7 million.

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EPIC management believes EPIC Group's hospitals are well maintained and equipped and permitted expenditures will be sufficient to meet EPIC Group's ongoing capital requirements at its operating facilities. Capital expenditures totalling approximately $75 million are planned for fiscal 1994, including completion of construction of a new hospital near Covington, Louisiana, which commenced in June 1992, and continuation of construction of a new hospital in Denton, Texas, which commenced in June, 1993.

The Internal Revenue Service (the "IRS") has audited EPIC's federal income tax return for the year ended September 30, 1989. As a result of the audit, the IRS had proposed the permanent capitalization of approximately $24 million of debt issuance costs. EPIC has fully protested its position with the IRS. EPIC was required to capitalize and amortize certain loan costs which were previously expensed. This adjustment resulted in the reduction of EPIC Holdings' current net operating loss by approximately $7 million.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," which supersedes SFAS No. 96. Implementation of SFAS No. 109 for EPIC Group is required as of October 1, 1993. SFAS No. 109 requires that differences between the tax and financial statement bases of assets and liabilities ("temporary differences") be reflected in the same balance sheet category as the items that caused the temporary differences. Deferred tax assets, which would include tax net operating loss carryforwards, would require the determination of a related valuation allowance, based on the assets' expected realization. EPIC has completed the analysis necessary to determine the impact of adoption of SFAS No. 109 and it is not expected to have a material impact on its financial position or results of operations and will not impact cash flows.

EPIC has reviewed its benefit programs and has determined it offers no post employment benefits that require accrual in accordance with SFAS No. 112, "Employers' Accounting for Postemployment Benefits."

Total scheduled debt maturities are $47.9, $9.5 and $43.5 million in fiscal 1994, 1995 and 1996, respectively, and expected annual cash interest payments are approximately $58 million through fiscal 1996. See Note 5 of the Notes to EPIC Group's Consolidated Financial Statements for information regarding EPIC's indebtedness. In addition to the indebtedness of EPIC, EPIC Holdings, the parent corporation of EPIC, has outstanding $250 million principal amount ($167.2 million value at September 30, 1993) of the EPIC 12% Notes, which require cash interest payments commencing in March 1997. Such interest payments,

as well as the principal payment upon maturity in 2002, are expected to be funded out of dividends from EPIC Group to EPIC Holdings. Although EPIC Group's indebtedness is substantial, EPIC management believes that cash, cash equivalents and marketable securities on hand, cash flow from operations, and the availability of funds under revolving bank credit facilities will provide sufficient liquidity to meet all cash requirements for the next several years.

RESULTS OF OPERATIONS -- EPIC HOLDINGS, INC. AND SUBSIDIARIES

GENERAL

Net operating revenue, operating expenses, depreciation and amortization, and interest income of EPIC Holdings were substantially the same as those of EPIC Group for fiscal years 1993, 1992 and 1991 and reference is made to the discussion of EPIC Group's " -- Results of Operations," and " -- Liquidity and Capital Resources" above.

Following is additional information relating to EPIC Holdings.

INTEREST EXPENSE

Interest expense increased $10.1 million and $11.5 million in 1993 and 1992, respectively, due to the issuance of the EPIC 12% Notes during fiscal 1992.

LOSS BEFORE INCOME TAX BENEFIT AND MINORITY INTEREST

EPIC Holdings incurred losses before income tax benefit, minority interest, and extraordinary item of $19.7 million, $31.1 million and $24.5 million for the years ended September 30, 1993, 1992, and 1991, respectively. The following non-cash charges are included in the loss before income tax benefit and minority interests for the years ended September 30, 1993, 1992 and 1991 (in thousands):

<TABLE>
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YEAR ENDED SEPTEMBER 30,

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	1993	1992	1991
Depreciation and amortization.............	$ 57,917	$ 53,013	$ 49,354
Non-cash portion of SAR Plan compensation expense................................	3,249	10,805	7,137
Non-cash portion of interest expense.......	36,855	27,190	13,975
Non-cash portion of professional liability risks...................................	2,641	4,131	11,291
ESOP expense..............................	20,715	20,714	23,076
Total...........................	$121,377	$115,853	$104,833

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1993 EPIC Holdings had working capital of $35.1 million (current assets of $215.2 million less current liabilities of $180.1 million), which included approximately $112.5 million of cash, cash equivalents and marketable securities. EPIC's existing bank credit facility requires $42.7 million in cash and marketable securities be restricted for the redemption of the remaining outstanding 15% Senior Subordinated Notes. EPIC Group has available $30 million in loan commitments under EPIC's existing bank credit facility. EPIC Properties has a revolving line of credit of the lesser of $22.0 million or the annual interest accrual on the EPIC Mortgage Notes for the purpose of paying the EPIC Mortgage Notes interest and principal.

EPIC expects to continue to incur federal income tax loss in the near term primarily as a result of the deductibility of contributions to the EPIC ESOP, higher depreciation for tax purposes than for financial reporting purposes, and high interest expense.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," which supersedes SFAS No. 96. Implementation of SFAS No. 109 for EPIC is required on October 1, 1993. SFAS No. 109 requires that differences

between the tax and financial statement bases of asset and liabilities ("temporary differences") be reflected in the same balance sheet category as the items that caused the temporary differences. Deferred tax assets, which would include tax net operating loss carryforwards, would require the determination of a related valuation allowance, based on the assets' expected realization. EPIC has completed the analysis necessary to determine the impact of adoption of SFAS No. 109 and it is not expected to have a material impact on EPIC Holdings' financial position or results of operations and will not impact cash flows.

EPIC has reviewed its benefit programs and has determined that it offers no post employment benefits that require accrual in accordance with SFAS No. 112, "Employers' Accounting for Postemployment Benefits."

See " -- Liquidity and Capital Resources" of EPIC Group for further discussion of matters relating to liquidity and capital resources of EPIC Holdings.

Although EPIC Holdings' indebtedness, including EPIC Group's indebtedness, is substantial, EPIC management believes cash, cash equivalents and marketable securities on hand, cash flow from operations, and the availability of funds under revolving bank credit facilities will provide sufficient liquidity to meet all cash requirements for the next several years.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS -- THREE MONTHS ENDED DECEMBER 31, 1993 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 1992

NET OPERATING REVENUE

EPIC Group recorded net operating revenue of $272.5 million for the three-month period ended December 31, 1993, an increase of $28.1 million (12%) compared to the three-month period ended December 31, 1992.

Acute inpatient net revenue, which totalled $118.3 million for the three-month period ended December 31, 1993, increased $2.9 million (2%) compared to the three-month period ended December 31, 1992, due primarily to increased reimbursement recognized from Medicare and Medicaid programs. Acute inpatient admissions remained constant and acute inpatient patient days decreased 4% in

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the three-month period, respectively, as the direction of healthcare services continues to shift toward outpatient services, inpatient specialty units and home health services.

Outpatient net revenue, which totalled $87.3 million for the three-month period ended December 31, 1993, increased $9.4 million (12%) compared to the three-month period ended December 31, 1992 as a result of a 9% increase in clinic and other outpatient visits.

Inpatient specialty unit net revenue, which totalled $27.8 million for the three-month period ended December 31, 1993, increased $0.8 million (3%) compared to the three-month period ended December 31, 1992.

Net revenue from home health visits, which totalled $25.9 million for the three-month period ended December 31, 1993, increased $8.8 million (52%) compared to the three-month period ended December 31, 1992. Home health visits increased 46% in the three-month period. Approximately 31% of the increase in home health visits resulted from the purchase of existing home health businesses.

Other revenue, which totalled $13.2 million for the three-month period ended December 31, 1993, increased $6.2 million compared to the three-month period ended December 31, 1992. Geriatric psychiatric, rehabilitation and home healthcare management contract fees increased $3.3 million in the three-month period.

Net patient revenue attributable to Medicare and Medicaid patients as a percentage of total net revenue was 58% and 53% for the three-month periods ended December 31, 1993 and 1992, respectively. Net patient revenue attributable to patients covered under various managed care programs as a for the three-month periods ended December 31, 1993 and 1992, respectively.

COSTS AND EXPENSES

Costs and expenses decreased 2% as a percentage of net operating revenue for the three-month period ended December 31, 1993 compared to the three-month period ended December 31, 1992.

Salaries and wages increased 2% as a percentage of net operating revenue for the three-month period ended December 31, 1993 compared to the three-month period ended December 31, 1992 due to the increase in home health services, which is more labor intensive than inpatient care. Employee benefits decreased 2% as a percentage of net operating revenue for the three-month period ended December 31, 1993 compared to the three-month period ended December 31, 1992 primarily due to a decrease in the costs of providing medical benefits. EPIC Group made changes to its medical benefit plan effective January 1, 1993 to reduce these costs. These changes included increased utilization review, implementation of a managed care referral program, and increased deductibles and out-of-pocket maximums. EPIC ESOP expense remained constant as a percentage of net operating revenue for the three-month period ended December 31, 1993 compared to the three-month period ended December 31, 1992.

Depreciation and amortization decreased 1% as a percentage of net operating revenue for the three-month period ended December 31, 1993 compared to the three-month period ended December 31, 1992 due to the increase in net revenue. Supplies, uncompensated care, other operating expenses, and interest expense remained constant as a percentage of net operating revenue for the three-month period ended December 31, 1993 compared to the three-month period ended December 31, 1992.

LOSS BEFORE INCOME TAX BENEFIT (EXPENSE), MINORITY INTERESTS AND EXTRAORDINARY ITEM

EPIC Group incurred a loss before income tax benefit (expense), minority interests and extraordinary item of $1.1 million, for the three-month period ended December 31, 1993, compared to a loss of $6.0 million for the three-month period ended December 31, 1992.

Earnings before depreciation and amortization, interest expense, interest income, income tax benefit (expense), ESOP expense, non-cash SAR expense, minority interests and extraordinary items (EBDAIT) as a percentage of net operating revenue increased from 11.57% for the three-month period ended December 31, 1992 to 12.96% for the three-month period ended December 31, 1993.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1993, EPIC Group had working capital of $32.6 million (current assets of $222.8 million less current liabilities of $190.2 million), which included $84.6 million in cash, cash equivalents and marketable

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securities. The revolving credit agreement requires $42.7 million in cash and marketable securities be restricted for the redemption of the remaining 15% Senior Subordinated Notes by February 28, 1994. EPIC Group has available an additional $30 million in loan commitments from a group of banks under a revolving line of credit agreement. EPIC Properties has available a revolving line of credit of the lesser of $22 million or the annual interest accrual on the EPIC Mortgage Notes for the purpose of paying the EPIC Mortgage Notes interest and principal.

Cash used in operating activities totalled $1.1 million and cash provided by operating activities totalled $15.0 million for the three-month periods ended December 31, 1993, and 1992, respectively. Accounts receivable increased $22.4 million during the first quarter of fiscal 1994 primarily due to an increase in net operating revenue.

Cash used in investing activities totalled $11.8 million and $5.9 million for the three-month periods ended December 31, 1993, and 1992, respectively.

EPIC Group made capital additions of approximately $23.4 million and $7.4 million during the three months ended December 31, 1993, and 1992, respectively. EPIC management believes that EPIC Group's hospitals are well maintained and equipped and that planned and permitted expenditures will be sufficient to meet EPIC Group's ongoing capital requirements at its operating facilities. Capital expenditures totalling approximately $52 million are planned for the remainder of fiscal 1994 including completion of construction of

a new hospital near Covington, Louisiana and continuation of construction of a new hospital in Denton, Texas. On December 31, 1992, EPIC Group purchased an imaging center for $4.1 million.

Cash used in financing activities totalled $2.9 million and $7.3 million for the three-month periods ended December 31, 1993 and 1992, respectively. During the first quarter of fiscal 1993, a subsidiary of EPIC Group purchased $5.4 million of the 11 7/8% Senior ESOP Notes on the open market for $5.6 million plus accrued interest.

Total scheduled debt maturities are $47.9, $9.5 and $43.5 million in fiscal 1994, 1995 and 1996, respectively. EPIC is expected to make cash interest payments of approximately $58 million per year through fiscal 1996. See Note 5 of the Notes to EPIC Group's Consolidated Financial Statements for the year ended September 30, 1993, for information regarding EPIC Group's indebtedness. In addition to the indebtedness of EPIC Group, EPIC Holdings, the parent corporation of EPIC Group, has outstanding $250 million principal amount ($172.2 million accreted value at December 31, 1993) of the EPIC Holdings Notes, which require cash interest payments commencing in March 1997. Such interest payments, as well as the principal payment upon maturity in 2002, is expected to be funded out of dividends to EPIC Holdings. Although EPIC's indebtedness is substantial, EPIC management believes that cash, cash equivalents and marketable securities on hand, cash flow from operations, and the availability of funds under revolving bank credit facilities will provide sufficient liquidity to meet all cash requirements for the next several years.

EPIC HOLDINGS, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS -- THREE MONTHS ENDED DECEMBER 31, 1993 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 1992

Operations of EPIC Holdings were substantially the same as those of EPIC Group for the three-month periods ended December 31, 1993 and 1992 with the exception of interest expense. EPIC Holdings' interest expense remained constant as a percentage of net operating revenue for the three-month period ended December 31, 1993, compared to the three-month period ended December 31, 1992.

EPIC Holdings incurred a loss before income tax, minority interests and extraordinary item of $6.2 million for the three-month period ended December 31, 1993, compared to a loss of $10.6 million for the three-month period ended December 31, 1992.

Earnings before depreciation and amortization, interest expense, interest income, income tax benefit (expense), EPIC ESOP expense, noncash SAR expense, minority interests and extraordinary items (EBDAIT) as a percentage of net operating revenue increased from 11.56% for the three-month period ended December 31, 1992 to 12.94% for the three-month period ended December 31, 1993.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1993, EPIC Holdings had working capital of $37.6 million (current assets of $227.9 million less current liabilities of $190.3 million), which included $89.3 million of cash, cash equivalents and marketable

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securities. The revolving credit agreement requires $42.7 million in cash and marketable securities be restricted for the redemption of the remaining outstanding 15% Senior Subordinated Notes by February 28, 1994. EPIC Group has available $30 million in loan commitments from a group of banks under a revolving credit agreement. EPIC Properties has available a revolving line of credit of the lesser of $22 million or the annual interest accrual on the EPIC Mortgage Notes for the purpose of paying the EPIC Mortgage Notes interest and principal.

Although EPIC Holdings' indebtedness, including EPIC Group's indebtedness, is substantial, EPIC management believes cash, cash equivalents and marketable securities on hand, cash flow from operations, and the availability of funds under revolving bank credit facilities will provide sufficient liquidity to meet all cash requirements for the next several years.

SELLING STOCKHOLDERS

The Selling Stockholders listed in the table below have agreed to sell the number of shares of Common Stock set forth opposite their respective names. Except as noted below, all such shares of Common Stock are being sold in the Offerings upon exercise of Warrants held by the Selling Stockholders at an exercise price of $3.18 per share. The table sets forth information with respect to the beneficial ownership of the Common Stock immediately prior to the consummation of the Offerings and as adjusted to reflect the sale of the Common Stock pursuant to the Offerings. Except as otherwise noted, none of the Selling Stockholders has had any position, office or other material relationship with the Company or its affiliates within the past three years. Following consummation of the Offerings, none of the Selling Stockholders will beneficially own any shares of Common Stock.

<TABLE>
<CAPTION>

SELLING STOCKHOLDERS	BENEFICIAL OWNERSHIP PRIOR TO THE OFFERINGS		NUMBER OF SHARES BEING OFFERED
	NUMBER OF SHARES	PERCENT	
<S>	<C>	<C>	<C>
Base Assets Trust	645,955	*	645,955
Commonwealth Life Insurance	97,000	*	97,000
Guaranty Reassurance Corporation	47,150	*	47,150
American Financial Corporation	28,290	*	28,290
Flexi-Van Leasing, Inc	28,290	*	28,290
Donaldson, Lufkin & Jenrette Securities Corporation(1)	20,875	*	20,875
Western Financial Savings Bank	18,860	*	18,860
Berkeley Atlantic Income Limited(2)	14,145	*	14,145
Comdisco, Inc	14,145	*	14,145
Lexington Precision Corporation	14,145	*	14,145
Thomas Spiegel	14,145	*	14,145
EQJ Partnership(3)	10,362	*	10,362
Equitable Life Assurance Society(3)	8,000	*	8,000
Wolfson Equities(4)	7,500	*	7,500
American Capital High Yield Investments Inc.(5)	5,994	*	5,994
John Chulick & Kathi Chulick	5,752	*	5,752
Berkeley Technology Investments Limited(2)	5,658	*	5,658
General American Life Insurance Co	4,715	*	4,715
National Western Life Insurance Co.(6)	3,772	*	3,772
Universal Medical Buildings L.P	3,750	*	3,750
South Ferry #2 L.P.(4)	3,000	*	3,000
Christian Brothers Institute	2,829	*	2,829
Stephen Swid	2,829	*	2,829
The Westwood Group, Inc	2,829	*	2,829
Worldwide Special Portfolio N.V	2,829	*	2,829
American Capital Income Trust(5)	2,661	*	2,661
Merrill Lynch, Pierce, Fenner & Smith Incorporated(7)	1,886	*	1,886
Warren F. Langford Trust(8)	1,320	*	1,320
Citizens Trust Company, Agent for the Trustees of the Lawrence K. Fish Trust f/b/o Edward T. Fish, Emily T. Fish and Leah T. Fish	943	*	943
American Capital Life Investment Trust(5)	775	*	775

</TABLE>

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* Less than one percent.

(1) Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ") is acting as a co-representative of the Underwriters in the Offerings and is acting in certain additional capacities in connection with the Acquisition and the Financing Plan. In addition, DLJ has from time to time performed investment banking and other financial services for the Company. See "Underwriting."

(2) Berkeley Atlantic Income Limited and Berkeley Technology Investments Limited are affiliated entities.

(3) EQJ Partnership and Equitable Assurance Society are affiliated with DLJ. See note 1 above.

(4) Wolfson Equities is a limited partner in South Ferry #2 L.P.

(5) American Capital High Yield Investments, Inc., American Capital Income Trust and American Capital Life Investment Trust are affiliated entities.

(6) The shares of Common Stock being sold by such Selling Stockholder were purchased upon exercise of Warrants at an exercise price of $7.95 per share.

(7) Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and one of its affiliates are acting as co-representatives of the Underwriters in the Offerings and Merrill Lynch is acting in certain additional capacities in connection with the Acquisition and the Financing Plan. In addition, Merrill Lynch has from time to time performed investment banking and other financial services for the Company. See "Underwriting."

(8) The shares of Common Stock being sold by such Selling Stockholder were purchased upon exercise of Warrants at an exercise price of $5.30 per share.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of (i) 400,000,000 shares of Common Stock and (ii) 78,000,000 shares of preferred stock, par value $.001 per share (the "Preferred Stock"), of which 1,000,000 shares have been designated as Series A Junior Preferred Stock. As of February 28, 1994, there were 81,221,108 shares of Common Stock outstanding and no shares of Preferred Stock outstanding. The following summary description of the Company's capital stock is qualified by reference to the Company's amended and restated Certificate of Incorporation (the "Certificate") and By-Laws and the Rights Agreement, dated as of July 8, 1993, between the Company and First Union National Bank of North Carolina, as Rights Agent (the "Rights Agreement").

Capital Stock

Each share of Common Stock entitles the holder thereof to one vote on all matters submitted to a vote of stockholders. Subject to preferential rights that may be applicable to any outstanding Preferred Stock, holders of Common Stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefor. See "Dividend Policy." In the event of a liquidation, dissolution or winding up of the Company, holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities and subject to the liquidation preference of any outstanding Preferred Stock. Holders of Common Stock have no cumulative voting rights and no preemptive, subscription, redemption or conversion rights. The transfer agent and registrar for the Common Stock is First Union National Bank of North Carolina.

Pursuant to the Rights Agreement, attached to each share of Common Stock (including the Common Stock offered hereby) is one preferred stock purchase right (a "Right") that, when exercisable, entitles the holder thereof to purchase one one-hundredth of a share of Series A Junior Preferred Stock at a price (the "Exercise Price") of $75, subject to adjustment. The Rights generally become exercisable ten days after the earlier of (i) a public announcement that a person or group beneficially owns 15% or more of any class of the Company's voting stock (a "15% Interest") or (ii) the commencement, or announcement of the intent to commence, a tender offer which would result in any person or group acquiring a 15% Interest (in either case unless approved by the Company's Continuing Directors, as defined in the Rights Agreement). Following the acquisition by a person or group of a 15% Interest, the Rights held by such person or group (and certain affiliates, associates and transferees thereof) become null and void. Following certain events (including a person or group acquiring a 15% Interest, a merger or a sale of a majority of the Company's assets), exercise of the Rights entitles the holders thereof to receive Common Stock or common stock of the acquiring corporation, or cash, property or other securities, with a market value equal to twice the Exercise Price. The Rights expire on July 8, 2003 and may be redeemed by the Company (with the approval of the Continuing Directors) for $.01 per Right until the tenth day after a person or group acquires a 15% Interest. At any time after a person or group acquires a 15% Interest and until such person or group acquires 50% or more of any class of the Company's voting stock, the Company (with the approval of the Continuing

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Directors) may exchange each Right for one share of Common Stock.

Certificate and By-laws

The Certificate and the By-laws provide that (i) the Board of Directors consists of a minimum of five and a maximum of fifteen directors, divided into three classes serving staggered three-year terms, and such provisions may not be amended without the affirmative vote of the holders of at least 80% of the Company's outstanding voting stock; (ii) directors may be removed only for cause; and (iii) special meetings may be called only by the Board of Directors. In addition, the Board of Directors is authorized, without further stockholder approval, to establish and issue one or more series of Preferred Stock and determine the rights, preferences and limitations thereof. The foregoing provisions of the Certificate and By-laws, together with the ability of the Board of Directors to issue Preferred Stock and the effects of the Rights described above, could discourage or delay a change of control of the Company and the removal of the Company's management.

Recent Developments

On February 15, 1994, Mellon Bank corporation ("Mellon") filed with the Commission a report on Schedule 13G stating that Mellon and its subsidiaries, in various fiduciary capacities, beneficially own 5,230,000 shares of Common Stock, representing approximately 6.4% of the Common Stock outstanding on such date.

CERTAIN UNITED STATES TAX CONSEQUENCES TO NON-UNITED STATES HOLDERS

The following is a general summary of certain United States federal income and estate tax consequences expected to result under current law from the purchase, ownership, sale or other taxable disposition of Common Stock by any person that is (as to the United States) a foreign corporation, a foreign partnership, a nonresident alien individual, or a nonresident alien fiduciary of an estate or trust the income of which is not subject to United States taxation regardless of its source (a "Non-U.S. Holder"). This summary does not address all aspects of United States federal income and estate taxes that may be relevant to Non-U.S. Holders in light of their personal circumstances or to certain types of Non-U.S. Holders that may be subject to special treatment under United States federal income tax laws (for example, insurance companies, tax exempt organizations, financial institutions or broker-dealers). Furthermore, this summary does not discuss any aspects of foreign, state or local taxation. This summary is based on current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations promulgated thereunder and administrative and judicial interpretations thereof, all of which are subject to change. This summary does not constitute, and should not be viewed as, legal or tax advice to prospective purchasers. Each prospective purchaser of Common Stock is advised to consult its own tax advisor with respect to the tax consequences of acquiring, holding and disposing of Common Stock.

DIVIDENDS

The Company does not expect to pay dividends on its Common Stock in the foreseeable future. See "Dividend Policy." Except as described below and subject to the discussion below regarding the Foreign Investment in Real Property Tax Act ("FIRPTA"), dividends paid to a Non-U.S. Holder of Common Stock generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. In determining the applicability of a tax treaty that provides for a lower rate of withholding, dividends paid to an address in a foreign country are presumed under current Treasury regulations to be paid to a resident of that country. Under proposed Treasury regulations, however, a Non-U.S. Holder would be required to file certain forms in order to claim the benefit of an applicable treaty rate. Any dividends that are effectively connected with the conduct of a trade or business of the Non-U.S. Holder within the United States generally will not be subject to the 30% withholding tax (provided that the required forms are filed), but will be taxed at ordinary federal income tax rates. If the Non-U.S. Holder is a foreign corporation, such effectively connected income may also be subject to an additional United States "branch profits tax."

The Company must report annually to the Internal Revenue Service (the "IRS") and to each Non-U.S. Holder the amount of dividends paid to, and tax withheld from dividends received by, such Non-U.S. Holder. These information reporting requirements apply even if withholding is reduced or eliminated by an applicable tax treaty. This information also may be made available to the tax authorities of the country in which the Non-U.S. Holder resides.

SALE OR DISPOSITION OF COMMON STOCK

Except as described below in this paragraph and subject to the discussion below regarding FIRPTA, a Non-U.S. Holder generally will not be subject to

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United States federal income tax (and no amount generally will be withheld) in respect of any gain recognized on a sale or other taxable disposition of Common Stock. However, capital gain that is effectively connected with the conduct of a trade or business of the Non-U.S. Holder in the United States will be taxed at ordinary federal income tax rates (subject to a 28% maximum tax rate for long-term capital gains of individuals). Capital gains of a Non-U.S. Holder also may be subject to tax if such Holder is subject to the provisions of the United States tax law applicable to certain United States expatriates. Moreover, a Non-U.S. Holder who is a nonresident alien individual and who holds the Common Stock as a capital asset generally will be taxed at a rate of 30% on capital gain if (i) he is present in the United States for 183 or more days in the taxable year of sale or other disposition and (ii) either the gain is attributable to a fixed place of business maintained by him in the United States or he has a "tax home" (as defined in the Code) in the United States. An applicable treaty may provide for different rules.

FEDERAL ESTATE TAXES

Common Stock owned or treated as owned by an individual Non-U.S. Holder at the time of death will be included in such Non-U.S. Holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise, and may be subject to United States federal estate tax.

FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT

If a Non-U.S. Holder's gain or loss upon the sale, exchange or redemption of Common Stock (including dividend distributions treated as redemptions or partial liquidations under United States federal income tax rules) is subject to FIRPTA, such gain or loss will be treated as effectively connected with a trade or business engaged in by such Non-U.S. Holder within the United States and thus will be subject to United States income tax at the ordinary rates. The FIRPTA provisions would apply to the Common Stock only if the Company has been or becomes a "United States real property holding corporation" within the meaning of the Code ("USRPHC"). It is possible that the Company is or, in the future, will be a USRPHC. However, even if the Company is a USRPHC, if the Common Stock is regularly traded on an established securities market, FIRPTA will apply only to a Non-U.S. Holder that beneficially owns, directly or indirectly, more than 5% of the fair market value of the Common Stock at any time during the 5-year period ending on the date of disposition (or such shorter period that such Common Stock was held).

INFORMATION REPORTING AND BACKUP WITHHOLDING

Backup withholding (which generally is a withholding tax imposed at the rate of 31% on certain payments to persons that fail to furnish the information required under the United States information reporting requirements) and information reporting with respect to backup withholding generally will not apply to dividends paid to Non-U.S. Holders at an address outside of the United States.

The payment of the proceeds from the disposition of Common Stock to or through the United States office of a broker will be subject to information reporting and backup withholding unless the payee under penalties of perjury certifies, among other things, its status as a Non-U.S. Holder, or otherwise establishes an exemption. The payment of the proceeds from the disposition of Common Stock to or through a non-U.S. office of a non-U.S. broker will generally, except as noted below, not be subject to backup withholding and information reporting. In the case of the payment of proceeds from the disposition of Common Stock through a non-U.S. office of a broker that is a United States person or a "U.S. related person," existing regulations require information reporting on the payment unless the broker has documentary evidence in its files that the owner is a Non-U.S. Holder and the broker has no actual knowledge to the contrary. For this purpose, a "U.S. related person" is (i) a "controlled foreign corporation" for United States federal income tax purposes (generally, a foreign corporation controlled by United States shareholders) or (ii) a foreign person 50% or more of whose gross income from all sources for a certain period is derived from activities that are effectively connected with the conduct of a United States trade or business. Proposed regulations contain a similar rule with respect to information reporting by a non-U.S. office of a broker that is a United States person or a U.S. related person. However, under the proposed regulations, such a person may only rely on documentary evidence to avoid information reporting if the foreign office "effects" the sale at such foreign office. The existing backup withholding regulations state that payments of sale proceeds made through a foreign office of a broker that is a United States person or a U.S. related person will not be subject to backup withholding until provided otherwise, and the proposed regulations state that backup withholding will not apply to such payments (absent actual knowledge that the payee is a United States person) where the foreign office "effects" the sale at

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such foreign office.

Amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be allowed as a refund of or a credit against such Non-U.S. Holder's United States federal income tax, provided that the required information is furnished to the IRS.

UNDERWRITING

Subject to the terms and conditions set forth in a U.S. purchase agreement (the "U.S. Purchase Agreement") among the Company, the Selling Stockholders and each of the underwriters named below (the "U.S. Underwriters"), and concurrently with the sale of 1,244,081 shares of Common Stock to the International Underwriters (as defined below), the Company and the Selling Stockholders severally have agreed to sell to the U.S. Underwriters, and each of the U.S. Underwriters severally has agreed to purchase from the Company and the Selling Stockholders, the aggregate number of shares of Common Stock set forth opposite its name below.

U.S. UNDERWRITERS	NUMBER OF SHARES
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,688,162
Donaldson, Lufkin & Jenrette Securities Corporation	1,688,161
CS First Boston Corporation	200,000
Salomon Brothers Inc	200,000
Bear, Stearns & Co. Inc	200,000
Dillon, Read & Co. Inc	200,000
J.P. Morgan Securities Inc	200,000
J.C. Bradford & Co	100,000
Equitable Securities Corporation	100,000
Johnson Rice & Company	100,000
Kemper Securities, Inc	100,000
C.J. Lawrence/Deutsche Bank Securities Corporation	100,000
ScotiaMcLeod (USA) Inc	100,000
Total	4,976,323

Merrill Lynch and DLJ are acting as representatives (the "U.S. Representatives") of the U.S. Underwriters.

The Company and the Selling Stockholders also have entered into a purchase agreement (the "International Purchase Agreement") with certain underwriters outside the United States (the "International Underwriters" and, together with the U.S. Underwriters, the "Underwriters"), for whom Merrill Lynch International Limited and DLJ are acting as representatives (the "International Representatives"). Subject to the terms and conditions set forth in the International Purchase Agreement, and concurrently with the sale of 4,976,323 shares of Common Stock to the U.S. Underwriters pursuant to the U.S. Purchase Agreement, the Company and the Selling Stockholders have agreed to sell to the International Underwriters, and the International Underwriters severally have agreed to purchase from the Company and the Selling Stockholders, an aggregate of 1,244,081 shares of Common Stock. The initial public offering price per share and the total underwriting discount per share are identical under the U.S. Purchase Agreement and the International Purchase Agreement.

In the U.S. Purchase Agreement and the International Purchase Agreement, the several U.S. Underwriters and the several International Underwriters, respectively, have agreed, subject to the terms and conditions set forth therein, to purchase all of the shares of Common Stock being sold pursuant to each such Agreement if any of the shares of Common Stock being sold pursuant to each such agreement are purchased. The Underwriters have agreed, subject to the terms and conditions set forth in the U.S. Purchase Agreement and the International Purchase Agreement, to purchase the shares to be sold by the Company regardless of whether the Underwriters purchase any or all of the Selling Stockholders' shares. Under certain circumstances, the commitments of non-defaulting U.S. Underwriters or International Underwriters (as the case may be) may be increased. Sales of Common Stock to be purchased by the U.S. Underwriters and the International Underwriters are conditioned upon one another.

The U.S. Underwriters and the International Underwriters have entered into

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an intersyndicate agreement (the "Intersyndicate Agreement") that provides for the coordination of their activities. The Underwriters are permitted to sell shares of Common Stock to each other for purposes of resale at the initial public offering

price, less an amount not greater than the selling concession. Under the terms of the Intersyndicate agreement, the U.S. Underwriters and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to persons who are non-United States persons or non-Canadian persons or to persons they believe intend to resell to persons who are non-United States persons or non-Canadian persons, and the International Underwriters and any dealer to whom they sell shares of Common stock will not offer to sell or sell shares of Common Stock to United States persons or Canadian persons or to persons they believe intend to resell to United States persons or Canadian persons, except in each case for transactions pursuant to such agreement.

The U.S. Representatives have advised the Company that the U.S. Underwriters propose initially to offer the shares of Common Stock to the public at the initial public offering price set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of $.65 per share. The U.S. Underwriters may allow, and such dealers may reallow, a discount not in excess of $.10 per share on sales to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The Company has granted an option to the U.S. Underwriters, exercisable during the 30-day period after the date of this Prospectus, to purchase up to an aggregate of 624,000 additional shares of Common Stock at the initial public offering price set forth on the cover page of this Prospectus, less the underwriting discount. The U.S. Underwriters may exercise this option only to cover over-allotments, if any, made on the sale of Common Stock offered hereby. To the extent that the U.S. Underwriters exercise this option, each U.S. Underwriter will be obligated, subject to certain conditions, to purchase the number of additional shares of Common Stock proportionate to such U.S. Underwriter's initial amount reflected in the foregoing table. The Company also has granted an option to the International Underwriters, exercisable during the 30-day period after the date of this Prospectus, to purchase up to an aggregate of 156,000 additional shares of Common Stock to cover overallotments, if any, on terms similar to those granted to the U.S. Underwriters.

The Company and certain of its executive officers have agreed, subject to certain exceptions, not to sell, offer to sell, contract to sell, grant any option for the sale of or otherwise dispose of, any Common Stock or securities convertible into Common Stock for a period of 90 days from the date of this Prospectus without the prior written consent of the U.S. Representatives.

The Common Stock is listed on the NYSE under the symbol "HTI."

The Company, the Selling Stockholders and the several Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

Each of the U.S. Underwriters, from time to time, performs investment banking and other financial services for the Company. Merrill Lynch and DLJ are acting as financial advisors to the Company in connection with the Acquisition. In addition, the Company has retained DLJ and Merrill Lynch as Dealer Managers for the Tender Offers and as underwriters for the Subordinated Debt Offering.

LEGAL MATTERS

The validity of the Common Stock offered hereby and certain other legal matters relating to the Offerings will be passed upon for the Company by Dewey Ballantine, New York, New York. Certain legal matters will be passed upon for the Underwriters by Davis Polk & Wardwell, New York, New York. Morton A. Pierce and Robert M. Smith, both members of Dewey Ballantine, are Assistant Secretaries of the Company. In addition, certain members of Dewey Ballantine and certain associates of the firm beneficially own shares of Common Stock.

EXPERTS

The consolidated financial statements of Healthtrust, Inc. - The Hospital Company, EPIC Holdings, Inc., and EPIC Healthcare Group, Inc. appearing or incorporated by reference in this Prospectus and Registration Statement have been audited by Ernst & Young, independent auditors, to the extent indicated in their reports thereon also appearing elsewhere herein and in the Registration Statement or incorporated by reference. Such consolidated financial statements have been included herein or incorporated herein by reference in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

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AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement (the "Registration Statement") on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), for the registration of the securities offered hereby. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain items of which are contained in exhibits and schedules to the Registration Statement as permitted by the rules and regulations of the Commission. For further information with respect to the Company and the securities offered hereby, reference is made to the Registration Statement, including the exhibits thereto, and the financial statements and notes filed as a part thereof. Statements made in this Prospectus concerning the contents of any contract, agreement or other document referred to herein are not necessarily complete. With respect to each such contract, agreement or other document filed with the Commission as an exhibit, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549; at the Commission's New York Regional Office, 7 World Trade Center, New York, New York 10048; and at its Chicago Regional Office, Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can be obtained from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. The Common Stock is listed on the New York Stock Exchange, Inc. (the "NYSE") and such reports, proxy statements and other information concerning the Company also can be inspected at the office of the NYSE, 20 Broad Street, New York, New York 10005.

INFORMATION INCORPORATED BY REFERENCE

The following documents of the Company, which have been filed by the Company with the Commission pursuant to the Exchange Act, are incorporated herein by reference: (i) Annual Report on Form 10-K for the fiscal year ended August 31, 1993; (ii) Current Report on Form 8-K dated January 10, 1994; (iii) Quarterly Report on Form 10-Q for the quarter ended November 30, 1993; (iv) Quarterly Report on Form 10-Q for the quarter ended February 28, 1994; (v) the description of the Common Stock contained in the Registration Statement on Form 8-A dated November 5, 1991, as amended by Amendment No. 1 on Form 8 dated December 4, 1991; and (vi) the description of the Company's preferred stock purchase rights contained in the Registration Statement on Form 8-A dated July 12, 1993.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the termination of the offering of the Common Stock, shall be deemed to be incorporated in this Prospectus by reference and to be a part hereof from the respective date of filing of each such document. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will furnish without charge to each person to whom this Prospectus is delivered, upon written or oral request, a copy of any or all of the documents incorporated by reference herein, other than exhibits to such documents. Requests should be directed to Philip D. Wheeler, Esq., Senior Vice President, General Counsel and Secretary, Healthtrust, Inc. - The Hospital Company, 4525 Harding Road, Nashville, Tennessee 37205, telephone number (615) 383-4444.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Condensed Combined Financial Statements are based on the consolidated financial statements of the Company and EPIC included or incorporated by reference in this Prospectus, combined and adjusted to give effect to the Company's Acquisition of EPIC, using the purchase method of accounting, and the related Financing Plan.

The Unaudited Pro Forma Condensed Combined Balance Sheet as of February 28, 1994 gives effect to the Acquisition and Financing Plan as if they had occurred as of February 28, 1994. The Unaudited Pro Forma Condensed Combined Statements of Operations for the six months ended February 28, 1994 and year ended August 31, 1993, give effect to the Acquisition and Financing Plan as if they had occurred on September 1, 1992. The pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable. The Unaudited Pro Forma Condensed Combined Financial Statements do not purport to represent what the combined financial position or results of operations would actually have been if the transactions had occurred on February 28, 1994 or September 1, 1992 or to project the combined financial position or combined results of operations for any future period.

The Company will continue to report its financial information on the basis of an August 31 fiscal year. EPIC reports its financial information using a September 30 fiscal year. The Unaudited Pro Forma Condensed Combined Balance Sheet combines the Company's February 28, 1994 balance sheet and EPIC's December 31, 1993 balance sheet. The Unaudited Pro Forma Condensed Combined Statements of Operations combine the Company's statements of operations for the six months ended February 28, 1994 and fiscal year ended August 31, 1993 with EPIC's statements of operations for the six months ended December 31, 1993 and fiscal year ended September 30, 1993, respectively.

The Unaudited Pro Forma Condensed Combined Financial Statements should be read in conjunction with "The Acquisition and the Financing Plan," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes of the Company and EPIC included or incorporated by reference in this Prospectus.

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HEALTHTRUST, INC. - THE HOSPITAL COMPANY

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
(DOLLARS IN MILLIONS)

<TABLE>
<CAPTION>

	FEBRUARY 28, 1994			
	AS REPORTED HEALTHTRUST	AS REPORTED EPIC	PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA
<S>	<C>	<C>	<C>	<C>
CURRENT ASSETS				
Cash and cash equivalents	$ 159.8	$ 55.1	$ 141.0(1)	$ 20.0
			195.0(2)	
			(157.5)(3)	
			(621.2)(4)	
			(250.2)(5)	
			(27.6)(6)	
			(8.5)(7)	
			(27.4)(8)	
			561.5(9)	
Marketable securities		34.1	(34.1)(7)	0.0
Accounts receivable	392.1	99.4		491.5
Supplies	54.5	21.0		75.5
Other current assets	30.1	18.3		48.4
TOTAL CURRENT ASSETS	636.5	227.9	(229.0)	635.4
PROPERTY, PLANT AND EQUIPMENT	2,243.7	810.0	(231.2)(10)	2,822.5
Less accumulated depreciation	660.2	231.2	(231.2)(10)	660.2
	1,583.5	578.8	0.0	2,162.3
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED	177.5	52.5	17.3(3)	631.5
			117.9(4)	
			292.9(5)	
			27.6(6)	
			25.8(8)	
			(80.0)(11)	
OTHER ASSETS	118.3	39.3	5.0(2)	234.1
			(2.4)(3)	
			(16.9)(4)	
			10.8(8)	
			80.0(11)	
TOTAL ASSETS	$ 2,515.8	$ 898.5	$ 249.0	$3,663.3
CURRENT LIABILITIES				
Accounts payable	$ 77.7	$ 45.6	$ 9.2(8)	$ 132.5
Other current liabilities	267.2	144.8	(42.6)(7)	379.7
			10.3(9)	
TOTAL CURRENT LIABILITIES	344.9	190.4	(23.1)	512.2
LONG-TERM DEBT	931.4	685.2	200.0(2)	1,705.0
			(142.6)(3)	
			(520.2)(4)	
			551.2(9)	
DEFERRED INCOME TAXES	133.6	11.4		145.0
DEFERRED PROFESSIONAL LIABILITIES	148.9	46.5		195.4
OTHER LIABILITIES	212.6	47.9	(40.2)(5)	220.3
STOCKHOLDERS' EQUITY				
Common stock(12)	0.1	0.4	(0.4)(5)	0.1
Paid-in capital	828.3	245.8	141.0(1)	969.3
			(245.8)(5)	
Deferred compensation	(0.6)	(137.4)	137.4(5)	(0.6)
Retained deficit	(83.4)	(191.7)	191.7(5)	(83.4)
STOCKHOLDERS' EQUITY	744.4	(82.9)	223.9	885.4
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,515.8	$ 898.5	$ 249.0	$3,663.3

</TABLE>

See notes to unaudited pro forma condensed combined balance sheet.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

1. To record the net proceeds from the completion of the offering of 5.2 million shares of Healthtrust Common Stock at $28.25 per share. Gross proceeds of $146.9 million, less estimated issuance costs of $5.9 million, provides net proceeds of $141.0 million.

2. To record the net proceeds from the completion of the $200 million Subordinated Debt Offering. Gross proceeds of $200.0 million, less estimated issuance costs of $5.0 million, provides net proceeds of $195.0 million. Maturities of pro forma long-term debt for the 12-month periods ending subsequent to February 28, 1994 are as follows: 1994 -- $53.6 million; 1995 -- $67.4 million; 1996 -- $100.4 million; 1997 -- $118.2 million; 1998 -- $124.2 million; and thereafter -- $1,294.8 million.

3. To record the Debt Redemption. The $157.5 million payment retires $142.6 million recorded value of EPIC indebtedness, the related deferred loan costs of $2.4 million are written off and the net payment excess of $17.3 million is recorded in excess of purchase price over net assets acquired.

4. To record the completion of the Tender Offers for the Current Tender Amount of each issue of the Specified EPIC Debt Securities. Assuming either 100% or 0% of each issue of the Specified EPIC Debt Securities is purchased in the Tender Offers, there would be no material effect on long-term indebtedness.

   The $621.2 million payment retires $520.2 million recorded value of Specified EPIC Debt Securities, the related deferred loan costs of $16.9 million are written off and the net payment excess of $117.9 million is recorded in excess of purchase price over net assets acquired.

5. To record the payment of $7 per share for 35,746,000 shares of EPIC common stock ($250.2 million).

   EPIC recorded a noncurrent liability of approximately $40.2 million related to the 5.9 million shares of EPIC Common Stock issued pursuant to the EPIC Stock Appreciation Rights Plan, which shares are included in the total number of shares of EPIC common stock to be purchased by the Company pursuant to the Acquisition.

6. To record the payment of $27.6 million in connection with the termination of contributions to the EPIC ESOP pursuant to the ESOP Agreement.

7. To record EPIC's required call of the outstanding 15% Senior Subordinated Notes of EPIC Group and pay the related call premium and accrued interest payable.

8. To record certain severance agreement liabilities and transaction costs (including estimated legal, accounting and valuation costs).

9. To record borrowings under the 1994 Credit Agreement of $711.8 million to complete the Acquisition and Financing Plan transactions ($150.3 million to refinance the existing bank credit facility and $561.5 million of additional borrowings) and maintain a $20.0 million cash balance.

10. To record EPIC's property, plant and equipment at historical net book value. No estimate of any purchase accounting adjustments to record such property, plant and equipment at fair value has been made at this time. The Company expects to obtain and record a valuation of EPIC's land and buildings within six months following the Acquisition. It is not expected that the reclassification between excess of purchase price over net assets acquired and property, plant and equipment will be significant to the combined balance sheet.

11. To record the deferred tax asset for the temporary differences related to the above transactions (assumes a 39% statutory combined federal and state tax rate).

12. No assumption has been made as to the exercise of all or a portion of the Warrants to purchase 3,409,219 shares of Common Stock. If all Warrants were exercised at a price of $3.18 per share, net proceeds to the Company would be approximately $10.8 million.

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS SIX MONTHS ENDED FEBRUARY 28, 1994

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(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	AS REPORTED HEALTHTRUST	AS REPORTED EPIC	PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA(1)
Net operating revenue	$ 1,274.6	$ 537.2		$ 1,811.8
Costs and expenses:				
Hospital service costs:				
Salaries and benefits	468.4	227.4		695.8
Supplies	179.0	64.4		243.4
Fees	133.1	40.9		174.0
Other expenses	131.7	87.0		218.7
Bad debt expense	88.7	42.8		131.5
	1,000.9	462.5		1,463.4
Depreciation and amortization	69.7	29.4	$ 5.2(2)	104.3
Interest	42.3	46.7	(16.4)(3)	72.6
ESOP/pension expense	20.5	10.8		31.3
Deferred compensation expense	0.6	2.3	(2.3)(4)	0.6
Other income (net)	(8.7)	(1.5)	6.2(5)	(4.0)
	1,125.3	550.2	(7.3)	1,668.2
Income (Loss) before minority interests, income taxes and extraordinary charges	149.3	(13.0)	7.3	143.6
Minority interests	4.1	2.8		6.9
Income (Loss) before income taxes and extraordinary charges	145.2	(15.8)	7.3	136.7
Income tax expense (benefit)	59.0	0.8	(2.8)(6)	57.0
INCOME (LOSS) BEFORE EXTRAORDINARY CHARGES	$ 86.2	$ (16.6)	$ 10.1	$ 79.7
Weighted average common shares	84,639,121	40,030,743	(40,030,743)(7) 5,200,000(7)	89,839,121
Income (loss) per share before extraordinary charges	$ 1.02	$ (0.41)		$ 0.89

See notes to unaudited pro forma condensed combined statements of operations.

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

YEAR ENDED AUGUST 31, 1993
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	AS REPORTED HEALTHTRUST	AS REPORTED EPIC	PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA(1)
Net operating revenue	$ 2,394.6	$ 1,019.1		$ 3,413.7
Costs and expenses:				
Hospital service costs:				
Salaries and benefits	886.7	432.5		1,319.2
Supplies	347.0	122.0		469.0
Fees	270.1	75.7		345.8
Other expenses	239.3	162.9		402.2
Bad debt expense	145.5	80.6		226.1
	1,888.6	873.7		2,762.3
Depreciation and amortization	132.7	57.9	$ 10.6(2)	201.2
Interest	99.8	89.9	(28.6)(3)	161.1
ESOP/pension expense	39.0	20.7		59.7
Deferred compensation expense	4.3	3.8	(3.8)(4)	4.3

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Other income (net).......................	(7.6)	(7.2)	7.9(5)	(6.9)
	2,156.8	1,038.8	(13.9)	3,181.7
Income (Loss) before minority interests, income taxes and extraordinary charges...............................	237.8	(19.7)	13.9	232.0
Minority interests.......................	11.9	3.5		15.4
Income (Loss) before income taxes and extraordinary charges..................	225.9	(23.2)	13.9	216.6
Income tax expense (benefit)............	90.7	2.0	(2.0)(6)	90.7
INCOME (LOSS) BEFORE EXTRAORDINARY CHARGES...............................	$ 135.2	$ (25.2)	$ 15.9	$ 125.9
Weighted average common shares..........	83,540,815	40,146,915	(40,146,915)(7) 5,200,000(7)	88,740,815
Income (Loss) per share before extraordinary charges..................	$ 1.62	$ (0.63)		$ 1.42

</TABLE>

See notes to unaudited pro forma condensed combined statements of operations.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

1. The pro forma condensed combined statements of operations do not give effect to any overhead reductions or cost savings, if any, which may be realized after the consummation of the Acquisition. Pension expense for EPIC employees has been assumed to be equivalent to historical EPIC ESOP expense (approximately 5.5% of salaries).

2. To adjust amortization as follows:

<TABLE>
<CAPTION>

<S>	SIX MONTHS ENDED FEBRUARY 28, 1994 <C>	YEAR ENDED AUGUST 31, 1993 <C>
To record amortization related to the $454.0 million increase in the excess of purchase price over net assets acquired..	$ 6.5	$12.9
To eliminate the EPIC historical amortization of the excess of purchase price over net assets acquired........	(1.3)	(2.3)
	$ 5.2	$10.6

</TABLE>

The excess of purchase price over net assets acquired related to the EPIC acquisition will be amortized over 40 years using the straight-line method (for the purpose of the pro forma computations of amortization, $60.0 million of the excess of purchase price over net assets acquired has been amortized over 20 years using the straight-line method to provide an estimated effect for recording the acquired property, plant and equipment at fair value).

3. To adjust interest expense as follows:

<TABLE>
<CAPTION>

<S>	SIX MONTHS ENDED FEBRUARY 28, 1994 <C>	YEAR ENDED AUGUST 31, 1993 <C>
To record interest expense on borrowings of $711.8 million related to the 1994 Credit Agreement (assumes average interest rate of 5.34% and 5.43%, respectively) and includes the amortization of deferred loan costs of $1.1 million and $2.2 million, respectively.............	$ 20.2	$ 40.9
To record interest expense related to the $200 million		

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Subordinated Notes (at a 10.25% interest rate) and includes the amortization of deferred financing costs of $.3 million and $.7 million, respectively................	10.6	21.2
To eliminate historical interest expense (including the amortization of the related deferred loan costs) on the Current Tender Amount of the Specified EPIC Debt Securities, the called EPIC Redeemable Debt and the refinanced Company bank debt............................	(47.2)	(90.7)
	$ (16.4)	$ (28.6)

</TABLE>

An increase or decrease of one-eighth of one percent (0.125%) in the interest rate assumption used to calculate interest expense on the proceeds of the Subordinated Debt Offering would increase or decrease interest expense and income before income taxes by approximately $0.1 million and $0.3 million, respectively.

Assuming 100% or 0% of each issue of the Specified EPIC Debt Securities is purchased in the Tender Offers, pro forma interest expense would not increase by any material amount as the nonpurchased securities would be recorded at a current market interest rate using the purchase accounting method.

4. To eliminate the compensation expense related to EPIC'S SAR Plan.

5. To eliminate interest income on excess cash.

6. To record the pro forma provision for income taxes by applying the estimated statutory rates (39.0% and 38.6% for the six months ended February 28, 1994 and year ended August 31, 1993, respectively) to pro forma income before income taxes, adjusted for any nondeductible expenses.

7. To reflect the Company's purchase of EPIC's outstanding equity and completion of the offering of 5.2 million shares of Common Stock by the Company.

EPIC HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

<S>	DECEMBER 31, 1993 (UNAUDITED) <C>	SEPTEMBER 30, 1993 <C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents......................................	$ 45,563	$ 61,362
Cash restricted for interest payment...........................	9,573	3,820
Marketable securities..	34,132	47,347
Accounts receivable, net of reserves for uncompensated care of $31,187 and $29,286..	99,392	76,957
Supply inventories...	20,973	20,687
Prepaid expenses and other.....................................	12,898	5,074
Deferred income taxes..	5,384	--
TOTAL CURRENT ASSETS...	227,915	215,247
PROPERTY AND EQUIPMENT...	810,055	786,798
ACCUMULATED DEPRECIATION AND AMORTIZATION........................	(231,239)	(218,746)
	578,816	568,052
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net of accumulated amortization..	52,461	52,965
OTHER ASSETS, net of accumulated amortization....................	39,330	38,696
TOTAL ASSETS...	$ 898,522	$ 874,960
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Current maturities of long-term debt...........................	$ 48,049	$ 47,914
Accounts payable...	45,557	44,610
Accrued liabilities..	96,746	87,604

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TOTAL CURRENT LIABILITIES	190,352	180,128
LONG-TERM DEBT	685,187	679,605
DEFERRED INCOME TAXES	11,378	5,994
RESERVE FOR PROFESSIONAL LIABILITY RISKS	46,557	46,612
OTHER DEFERRED LIABILITIES	42,013	42,450
COMMITMENTS AND CONTINGENT LIABILITIES		
MINORITY INTERESTS	5,909	5,472
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, $.01 par value	399	401
Paid-in capital	245,759	245,757
Notes receivable from EPIC ESOP	(137,381)	(148,214)
Retained earnings (deficit)	(191,651)	(183,245)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(82,874)	(85,301)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 898,522	$ 874,960

</TABLE>

See notes to condensed consolidated financial statements.

EPIC HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED DECEMBER 31,	
	1993	1992
<S>	<C>	<C>
NET OPERATING REVENUE	$ 272,451	$ 244,352
COSTS AND EXPENSES:		
Salaries and wages	99,526	84,634
Employee benefits	21,094	22,997
ESOP expense	5,635	5,182
Supplies	32,025	30,041
Uncompensated care	19,618	19,048
Other	64,653	57,909
Depreciation and amortization	13,130	13,791
Interest expense	23,834	21,954
TOTAL COSTS AND EXPENSES	279,515	255,556
INTEREST INCOME	819	612
LOSS BEFORE INCOME TAX EXPENSE, MINORITY INTERESTS AND EXTRAORDINARY ITEM	(6,245)	(10,592)
INCOME TAX EXPENSE, net	(375)	(176)
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES, net of income tax expense	(1,667)	(631)
LOSS BEFORE EXTRAORDINARY ITEM	(8,287)	(11,399)
EXTRAORDINARY ITEM, net of income tax expense	--	(570)
NET LOSS	$ (8,287)	$ (11,969)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	39,943,524	40,156,780
LOSS PER COMMON SHARE:		
Before extraordinary item	$ (.21)	$ (.28)
Extraordinary item	--	(.01)
Net loss	$ (.21)	$ (.29)

</TABLE>

See notes to condensed consolidated financial statements.

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EPIC HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	FOR THE THREE MONTHS ENDED DECEMBER 31,	
	1993	1992
OPERATING ACTIVITIES		
Net loss	$ (8,287)	$(11,969)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	13,130	13,791
Non-cash provision for professional liability risks	(1,111)	437
ESOP expense	5,635	5,182
Deferred SAR Plan compensation	(274)	(1,496)
Minority interests in income of consolidated subsidiaries	1,667	631
Non-cash interest	8,995	9,227
Extraordinary item	--	570
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(22,435)	342
Supply inventories and other assets	(8,399)	(10,549)
Accounts payable and other liabilities	9,991	8,785
Net cash provided by (used in) operating activities	(1,088)	14,951
INVESTING ACTIVITIES		
Investments in marketable securities, net	13,215	6,395
Cash paid for acquisitions	(960)	(4,100)
Additions to property and equipment	(23,431)	(7,410)
Other	(661)	(811)
Net cash used in investing activities	(11,837)	(5,926)
FINANCING ACTIVITIES		
Payments on debt obligations	(1,415)	(76)
Line of credit borrowings, net	--	800
Purchase of Senior ESOP Notes	--	(5,616)
Purchase of treasury stock	(119)	(11)
Distributions and dividends to minority interests	(1,132)	(2,340)
Payments of debt issue costs and other, net	(208)	(59)
Net cash used in financing activities	(2,874)	(7,302)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,799)	1,723
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	61,362	37,419
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 45,563	$ 39,142
SUPPLEMENTARY INFORMATION		
Cash paid for interest	$ 8,513	$ 1,598
Cash paid for income taxes	$ 199	$ 176

See notes to condensed consolidated financial statements.

EPIC HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of EPIC Holdings, Inc. and Subsidiaries ("Holdings") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature. Operating results for the three month period ended December 31, 1993 are not

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necessarily indicative of the results that may be expected for the fiscal year ending September 30, 1994. These financial statements should be read in conjunction with the audited consolidated financial statements and footnotes thereto included in Holdings' annual report on Form 10-K for the year ended September 30, 1993.

Certain prior period amounts have been reclassified to conform with the fiscal 1994 presentation.

2. SUBSEQUENT EVENT

On January 9, 1994, Holdings entered into an Agreement and Plan of Merger (the "Merger Agreement") with HealthTrust, Inc. -- The Hospital Company, a Delaware corporation ("HTI"), and Odyssey Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of HTI ("HTI Sub"), providing for the merger (the "Merger") of HTI Sub with and into Holdings following which Holdings would become a wholly-owned subsidiary of HTI. The Merger is expected to result in a termination of the EPIC ESOP. Under the terms of the Merger Agreement, which was unanimously approved by the Boards of Directors of both HTI and Holdings, shareholders of Holdings will receive $7.00 per share of Holdings' common stock.

HTI intends to offer to purchase the 12% Senior Deferred Coupon Notes due 2002, the 11.375% Class B-1 First Priority Mortgage Notes due 2001, the 11.5% Class B-2 First Priority Mortgage Notes due 2001, the Class B-3 First Priority Mortgage Notes, and the 10.875% Senior Subordinated Notes due 2003 and to redeem other outstanding EPIC indebtedness in accordance with their terms. HTI also plans to seek the consent of the holders of Holdings' indebtedness to amend certain restrictive provisions.

Consummation of the Merger is subject to a number of conditions, including the approval of Holdings' shareholders and the consummation of certain debt consent solicitations. American Medical International, Inc. and the trustee of the EPIC ESOP (who controls the unallocated shares of the EPIC ESOP) have agreed, subject to the fulfillment of certain conditions, to vote their shares of Holdings common stock (approximately 52% combined) in favor of the Merger. The transaction is expected to close by May of 1994.

3. INCOME TAXES

Effective October 1, 1993, Holdings changed its method of accounting for income taxes to the liability method as required by Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes", which superseded SFAS No. 96. As permitted under the rules of SFAS No. 109, prior years' financial statements have not been restated.

Adopting SFAS No. 109 had no effect on current period operations. Due to the uncertainty of the realization of the net deferred federal tax liability, Holdings established a valuation allowance against the deferred federal tax assets so that deferred federal tax assets equalled deferred federal tax liabilities. The net deferred tax liability reported relates primarily to state taxes.

EPIC HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of Holdings' deferred tax assets and liabilities as of October 1, 1993 are as follows (in thousands):

Deferred tax liabilities	
Property and equipment basis difference	$42,908
ESOP plan fees	1,547
ESOP contribution	3,455
State taxes and other	5,994
Total deferred tax liabilities	53,904
Deferred tax assets	
Bad debt reserve differences	6,593
Professional liability reserves	15,670

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SAR compensation	14,034
Health plan and workers' compensation reserves	3,652
Paid time off reserve	1,788
Net operating losses	24,312
Other	700
Total deferred tax assets	66,749
Valuation allowance	(18,839)
Net deferred tax assets	47,910
Net deferred tax liability	$ 5,994

</TABLE>

No tax benefit was recorded for the current net operating loss and no federal taxes are anticipated for fiscal 1994. Current income tax expense of $375,000 relates to state income taxes.

4. LOSS PER COMMON SHARE

Loss per common share has been computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding during the period. The exercise of the outstanding common stock warrants and other common stock equivalents has not been assumed as the effect would be antidilutive.

5. CHANGES IN STOCKHOLDER'S EQUITY

During the three-month period ended December 31, 1993, Holdings purchased treasury stock for $119,000 and received a principal payment on the Notes receivable from the EPIC ESOP of $10,833,000 which was recorded as a reduction of the Notes receivable from EPIC ESOP.

6. GUARANTOR SUBSIDIARIES

Certain subsidiaries of EPIC (the "Guarantor Subsidiaries") guarantee the loans under the Amended Credit Agreement, the Zero Coupon Notes, the Additional Zero Coupon Notes, the Senior ESOP Notes, the 10.875% Senior Subordinated Notes, the 15% Senior Subordinated Notes and the 11% Junior Subordinated

Pay-In-Kind Notes. Certain other subsidiaries, including EPIC Properties, Inc. ("EPIC Properties") are not Guarantor Subsidiaries (the "Nonguarantor Subsidiaries"). All equity interests in the Nonguarantor Subsidiaries, other than those held by minority interests, are held by EPIC.

Condensed consolidating financial information of EPIC Healthcare Group, Inc. ("EPIC"), the Guarantor Subsidiaries, EPIC Properties and the other Nonguarantor Subsidiaries are included in the footnotes to the unaudited condensed consolidated financial statements of EPIC included elsewhere herein.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

The Board of Directors
EPIC Holdings, Inc.

We have audited the accompanying consolidated balance sheets of EPIC Holdings, Inc. and subsidiaries as of September 30, 1993 and 1992, and the related consolidated statements of operations, stockholder's equity (deficit), and cash flows for each of the three years in the period ended September 30, 1993. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes

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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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EPIC Holdings, Inc. and subsidiaries at September 30, 1993, and 1992, and the results of its consolidated operations and its consolidated cash flows for each of the three years in the period ended September 30, 1993, in conformity with generally accepted accounting principles.

ERNST & YOUNG

Dallas, Texas
December 3, 1993

EPIC HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

<S>	SEPTEMBER 30, 1993 <C>	1992 <C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 61,362	$ 37,419
Cash restricted for interest payments	3,820	5,768
Marketable securities	47,347	10,607
Accounts receivable, net of reserves for uncompensated care of $29,286 and $25,837, respectively	76,957	73,398
Supply inventories	20,687	20,000
Prepaid expenses and other	5,074	5,222
TOTAL CURRENT ASSETS	215,247	152,414
PROPERTY AND EQUIPMENT		
Land	53,030	57,492
Buildings and improvements	476,570	451,292
Equipment	234,656	192,367
Construction in progress	22,542	9,333
	786,798	710,484
Accumulated depreciation and amortization	(218,746)	(173,789)
	568,052	536,695
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net of accumulated amortization	52,965	48,140
OTHER ASSETS, net of accumulated amortization	38,696	43,502
TOTAL ASSETS	$874,960	$780,751
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 47,914	$ 2,330
Accounts payable	44,610	34,809
Accrued liabilities:		
Salaries and wages	36,475	33,031
Taxes other than on income	7,946	7,589
Interest	11,027	7,658
Group health insurance	4,902	5,656
Current reserve for professional liability risks	11,000	11,000
Other	16,254	9,011
TOTAL CURRENT LIABILITIES	180,128	111,084
LONG-TERM DEBT	679,605	619,363
DEFERRED INCOME TAXES	5,994	5,994
RESERVE FOR PROFESSIONAL LIABILITY RISKS	46,612	39,640
OTHER DEFERRED LIABILITIES	42,450	39,607
COMMITMENTS AND CONTINGENT LIABILITIES		
MINORITY INTERESTS	5,472	23,494
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, $.01 par value -- Authorized: 100,000,000 shares; Issued: 40,319,245 shares; Outstanding: 40,099,441 and 40,154,545 shares, respectively	401	401
Paid-in capital	245,757	245,757

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Notes receivable from EPIC ESOP	(148,214)	(168,929)
Retained earnings (deficit)	(183,245)	(135,660)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(85,301)	(58,431)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$874,960	$780,751

</TABLE>

See notes to consolidated financial statements.

EPIC HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
<S>	<C>	<C>	<C>
NET OPERATING REVENUE	$ 1,019,149	$ 941,266	$ 802,689
COSTS AND EXPENSES:			
Salaries and wages	354,326	319,868	271,007
Employee benefits	84,615	81,365	68,434
ESOP expense	20,715	20,714	23,076
Supplies	121,986	116,145	99,882
Uncompensated care	80,643	69,308	59,425
Other	235,924	235,009	192,633
Depreciation and amortization	57,917	53,013	49,354
Interest expense	89,872	79,790	68,266
TOTAL COSTS AND EXPENSES	1,045,998	975,212	832,077
INTEREST INCOME	3,648	3,936	5,405
GAIN (LOSS) ON SALE OF ASSETS	3,521	(1,123)	(543)
LOSS BEFORE INCOME TAX BENEFIT (EXPENSE), MINORITY INTERESTS AND EXTRAORDINARY ITEM	(19,680)	(31,133)	(24,526)
INCOME TAX BENEFIT (EXPENSE), net	(1,984)	9,252	7,603
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES (net of income tax benefit of $1,008, and $1,063 in 1992 and 1991, respectively)	(3,499)	(1,958)	(2,064)
LOSS BEFORE EXTRAORDINARY ITEM	(25,163)	(23,839)	(18,987)
EXTRAORDINARY ITEM (net of income tax benefit of $652 and $1,330 in 1992 and 1991, respectively)	(21,960)	(1,265)	(2,581)
NET LOSS	(47,123)	(25,104)	(21,568)
REDEEMABLE PREFERRED STOCK DIVIDEND OF PREDECESSOR COMPANY	--	(11,048)	(22,873)
NET LOSS APPLICABLE TO COMMON SHARES	$ (47,123)	$ (36,152)	$ (44,441)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	40,146,915	32,576,161	24,482,803
LOSS PER COMMON SHARE:			
Before extraordinary item	$ (.63)	$ (1.07)	$ (1.71)
Extraordinary item	(.55)	(.04)	(.11)
Net loss	$ (1.18)	$ (1.11)	$ (1.82)

</TABLE>

See notes to consolidated financial statements.

EPIC HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

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(DOLLARS IN THOUSANDS)

	COMMON STOCK	PAID-IN CAPITAL	NOTES RECEIVABLE FROM EPIC ESOP	RETAINED EARNINGS (DEFICIT)	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
Balance at October 1, 1990..........	$245	$219,808	$ (212,738)	$ (87,241)	$(79,926)
Dividends accrued and accretion of discount on redeemable preferred stock............................	--	(22,873)	--	--	(22,873)
Principal payments received on notes receivable from EPIC ESOP.........	--	--	23,095	--	23,095
Treasury stock purchased............	(1)	--	--	(468)	(469)
Net loss...........................	--	--	--	(21,568)	(21,568)
Balance at September 30, 1991.......	244	196,935	(189,643)	(109,277)	(101,741)
Dividends accrued and accretion of discount on redeemable preferred stock............................	--	(11,048)	--	--	(11,048)
Principal payments received on notes receivable from EPIC ESOP.........	--	--	20,714	--	20,714
Treasury stock purchased............	(2)	--	--	(1,279)	(1,281)
Warrant conversion..................	65	(44)	--	--	21
Preferred stock transaction costs...	--	(7,063)	--	--	(7,063)
Conversion of Class C Preferred Stock............................	94	63,842	--	--	63,936
Net book value of Class A and Class B Preferred Stock over cash paid.............................	--	3,135	--	--	3,135
Net loss...........................	--	--	--	(25,104)	(25,104)
Balance at September 30, 1992.......	401	245,757	(168,929)	(135,660)	(58,431)
Principal payments received on notes receivable from EPIC ESOP.........	--	--	20,715	--	20,715
Treasury stock purchased............	--	--	--	(462)	(462)
Net loss...........................	--	--	--	(47,123)	(47,123)
Balance at September 30, 1993.......	$401	$245,757	$ (148,214)	$(183,245)	$(85,301)

See notes to consolidated financial statements.

EPIC HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	FOR THE YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
OPERATING ACTIVITIES			
Net loss..	$(47,123)	$(25,104)	$(21,568)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization.........................	57,917	53,013	49,354
Non-cash provision for professional liability risks....	2,641	4,131	11,291
ESOP expense..	20,715	20,714	23,076
Deferred SAR Plan compensation........................	3,249	10,805	7,137
Minority interests in income of consolidated subsidiaries.......................................	3,499	2,966	3,127
(Gain) loss on sale of assets.........................	(3,521)	1,123	543
Non-cash interest.....................................	36,855	27,190	13,975
Extraordinary item....................................	21,960	1,917	3,911
Deferred income tax benefit...........................	--	(11,800)	(9,996)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable.................................	6,054	(35,196)	(3,043)
Supply inventories and other assets.................	4,083	(3,162)	(5,291)
Accounts payable and other liabilities..............	12,172	11,395	6,444

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Net cash provided by operating activities	118,501	57,992	78,960
INVESTING ACTIVITIES			
Investments in marketable securities, net	(36,740)	5,167	(12,091)
Cash paid for acquisitions	(54,536)	(12,269)	--
Additions to property and equipment	(60,784)	(47,850)	(25,646)
Purchase of investment securities	--	(4,180)	--
Proceeds from sales of assets	25,148	190	361
Collection on note receivable	9,349	--	--
Other	(5,925)	(2,046)	(48)
Net cash used in investing activities	(123,488)	(60,988)	(37,424)
FINANCING ACTIVITIES			
Payments on debt obligations	(117,765)	(1,603)	(250,647)
Proceeds from long-term borrowings	180,853	140,052	227,868
Purchase of Senior ESOP Notes	(5,616)	(20,293)	--
Purchase of treasury stock	(462)	(1,281)	(469)
Purchase of Class A and B Preferred Stock	--	(130,000)	--
Preferred stock transaction costs	--	(7,063)	--
Proceeds on warrant conversion	--	21	--
Contributions from minority interests	520	1,884	556
Distributions and dividends to minority interests	(21,110)	(4,065)	(4,122)
Payments of debt issue costs and other, net	(7,490)	(6,056)	(11,294)
Net cash provided by (used in) financing activities	28,930	(28,404)	(38,108)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,943	(31,400)	3,428
Cash and cash equivalents at beginning of year	37,419	68,819	65,391
Cash and cash equivalents at end of year	$ 61,362	$ 37,419	$ 68,819
SUPPLEMENTARY INFORMATION			
Cash paid during the year for interest	$ 52,370	$ 53,343	$ 52,987
Cash paid for income taxes	$ 657	$ 888	$ 666

</TABLE>

See notes to consolidated financial statements.

EPIC HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

EPIC Healthcare Group, Inc. ("EPIC" or, either alone or together with its subsidiaries, the "Company") was acquired by EPIC Holdings, Inc. ("Holdings") on March 25, 1992, in a merger transaction (the "Merger") in which each outstanding share of common stock of EPIC was converted into one share of Holdings common stock. The merger was between companies under common control (i.e., a pooling of interests for accounting purposes) and accordingly, the recorded assets and liabilities of EPIC on an historical basis are combined with the assets and liabilities of Holdings. Holdings had no operations prior to the merger. Results of operations for the period prior to March 25, 1992, consist of the operations of EPIC.

Principles of Consolidation

The consolidated financial statements include the accounts of Holdings and its subsidiaries. Intercompany accounts and transactions have been eliminated. Minority interests represent the minority stockholders' proportionate shares of the equity in the income (loss) of certain consolidated subsidiaries.

Cash Equivalents, Cash Restricted for Interest Payments, and Marketable Securities

Holdings considers all highly liquid investments with initial maturities of three months or less from date of purchase to be cash equivalents. Cash restricted for interest payments is cash deposited into a trust to pay principal and interest required by the Class B-1, Class B-2 and Class B-3 First Priority Mortgage Notes (the "Mortgage Notes"). Investments in marketable interest-bearing securities are stated at cost which approximates market. Holdings has $42,694,000 in cash and marketable securities restricted for the purpose of redeeming the remaining 15% Senior Subordinated Notes (See Note 5).

Cash equivalents, cash restricted for interest payments, and marketable securities are subject to potential concentrations of credit risk. Holdings

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attempts to lessen that risk by investing only in United States Government securities, commercial paper having at least a rating of A-1 or the equivalent, time deposits and certificates of deposit of banks having a debt rating of at least A, or money market funds comprised of such securities. Holdings invests in securities with maturities no longer than 180 days and limits the amount of credit exposure to any one commercial issuer.

Accounts Receivable

Concentration of credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and payors and the geographic dispersion of Holdings' hospitals. Accounts receivable (gross) consists of amounts due from government programs (e.g., Medicare and Medicaid) (53%) commercial insurance companies (16%), private pay patients (18%) and other (including health maintenance organizations and other group insurance programs) (13%). Holdings' hospitals are located throughout the southern United States, with the largest concentration in Texas, Oklahoma, Louisiana and California. Holdings maintains an allowance for losses (i.e., uncompensated care or bad debt expense) based on the expected collectibility of accounts receivable.

Supply Inventories

Supply inventories are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Property and equipment are recorded at cost (or fair value at the date of acquisition as a result of the original purchase from American Medical International, Inc. and its subsidiaries ("AMI")). Depreciation and amortization is computed using the straight-line method over estimated useful lives or term of the lease generally ranging from 25 to 30 years for buildings and improvements, and 3 to 10 years for equipment. Maintenance costs and repairs are expensed as incurred.

Joint Ventures

EPIC, in the ordinary course of business, enters into joint ventures with physicians and other companies. EPIC is the majority owner and general partner of substantially all of the joint ventures and follows the principles of consolidation for all majority-owned joint ventures. Minority shareholders' investments and earnings in the joint ventures are recorded as minority interests and minority interests in income of consolidated subsidiaries, respectively. Any interest held by the Company in non-majority owned partnerships with at least 20% ownership is accounted for using the equity method. Any interest held by the Company in partnerships with less than 20% ownership is accounted for using the cost method.

On February 1, 1990, EPIC entered into a joint venture with Healthtrust, Inc. -- The Hospital Company ("Healthtrust") for the purpose of operating certain hospital assets in McKinney, Texas. EPIC contributed, at net book value, a 168 bed facility to the venture and is the managing co-general partner with a 60% equity interest in the venture. Healthtrust contributed a 99 bed facility to the venture and was the co-general partner with a 40% interest in the venture. The assets contributed by Healthtrust to the joint venture, including property and equipment of $15,328,000, were recorded at fair market value which approximated net book value. Goodwill of $2,470,000 is being amortized over 40 years. On August 31, 1993, EPIC purchased Healthtrust's interest in the joint venture for $15,656,000 which approximated Healthtrust's interest in the net assets of the joint venture and was recorded as a reduction to minority interests.

Intangible Assets

The excess of the purchase price over the fair value of net asset acquired is being amortized on a straight-line basis over periods ranging from nine to 40 years. Accumulated amortization was $9,244,000 and $6,920,000 at September 30, 1993 and 1992, respectively.

Costs incurred in obtaining long term financing are deferred and are included in other assets. Deferred financing costs are amortized using the effective interest method over the term of the related debt, and such amortization is included in interest expense. Accumulated amortization of deferred financing costs was $16,993,000 and $14,401,000 at September 30, 1993 and 1992, respectively.

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EPIC has purchased licenses to use various software applications. These costs are included in other assets and have been amortized over two or five year periods. Accumulated amortization of the software costs was $5,750,000 and $4,750,000 at September 30, 1993 and 1992, respectively.

Income Taxes

Holdings files a consolidated federal income tax return which includes all of its eligible subsidiaries.

Holdings accounts for income taxes under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 96, "Accounting for Income Taxes." Under the liability method specified by SFAS No. 96, deferred tax assets and/or liabilities are determined by multiplying the difference between the financial reporting and tax reporting bases of assets and liabilities (collectively, the "temporary differences," see Note 6) by tax rates (determined in accordance with enacted tax laws) that are expected to be effective when such temporary differences reverse. Holdings' deferred tax liabilities originated from the accounting for the

acquisition from AMI (the "Acquisitions"), and reflect the estimated tax effect of differences between book and tax bases of assets acquired and liabilities assumed.

In February 1992, the Financial Accounting Standards Board issued SFAS No. 109, "Accounting for Income Taxes," which supersedes SFAS No. 96. Implementation of SFAS No. 109 for Holdings was required October 1, 1993. SFAS No. 109 requires that temporary differences be reflected in the same balance sheet category as the assets and liabilities that caused the temporary differences. Deferred tax assets, which would include tax net operating loss carryforwards, would require the determination of a related valuation allowance, based on the assets' expected realization. The Company has completed the analysis necessary to determine the impact of adoption of SFAS No. 109 and it is not expected to have a material impact on Holdings' financial position or results of operations and will not impact cash flows.

Net Operating Revenue

Net operating revenue is recorded based on established billing rates net of allowances and discounts for patients covered by Medicare, Medicaid and other contractual programs. Payments received under these programs, which are based on either the costs of services or predetermined rates, are generally less than the established billing rates of EPIC's hospitals, and the differences are recorded as contractual allowances and/or contracted discounts. Reserves provided have been deducted from accounts receivable pending final audit and appeal settlement. Contractual adjustments, contracted discounts and other discounts amounted to $627,757,000, $576,572,000, and $482,158,000 for fiscal 1993, 1992 and 1991, respectively.

It is generally EPIC's policy to attempt to collect compensation for all services performed.

Reclassifications

Certain prior period amounts have been reclassified to conform with the fiscal 1993 presentation.

2. ACQUISITION AND DIVESTITURES

On August 24, 1993 the Company entered into a 20-year lease agreement with two ten-year renewal options with the County of Galveston, Texas for Mainland Center Hospital, a 310-bed hospital in Texas City, Texas. The lease payments of $27,535,000 were paid in full upon the execution of the lease, which has been accounted for as a capital lease. The Company also purchased certain net current assets and equipment of the hospital, which included $5,639,000 in cash, for $17,965,000 which has been accounted for by the purchase method of accounting. The Company also has a commitment for $20,000,000 in capital improvements over the term of the lease. The Company has a purchase option beginning after the first year of the lease. The option price ranges from $500,000 to $851,000 over the term of the lease.

On January 6, 1993, the Company sold Westpark Community Hospital in Hammond, Louisiana for $6,200,000. A loss of $624,000 was recorded as gain (loss) on sale of assets in fiscal 1993. A charge of $800,000 to reflect the

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anticipated loss on the sale was recorded as gain (loss) on sale of assets in fiscal 1992. The net book value of the assets sold before the fiscal 1992 charge, less liabilities assumed by the buyer, was $7,624,000.

On March 15, 1993, the Company sold Valley Medical Center in El Cajon, California for $16,950,000. A gain of $4,632,000 was recorded as gain (loss) on sale of assets in fiscal 1993. The net book value of the assets sold, less liabilities assumed by the buyer, was $12,318,000.

On October 1, 1991, the Company purchased Colonial Hospital, a 49-bed hospital in Terrell, Texas for $10,403,000 in cash. The acquisition has been accounted for by the purchase method of accounting. The excess of purchase price over net assets acquired will be amortized over 40 years.

3. EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP")

Employee-owners of EPIC have beneficial ownership of approximately 60% of the Holdings Common Stock through their participation in the EPIC ESOP.

At EPIC's inception, the EPIC ESOP purchased 24,500,000 shares of EPIC Common Stock with the proceeds obtained from the issuance of loans aggregating $245 million payable to EPIC. The terms of the original ESOP loan agreement segregated the EPIC ESOP's obligation to EPIC into two components, the terms of the first of which mirrored the terms of the Senior ESOP Bank Debt (the "First ESOP Loan") and the second of which mirrored the terms of the Senior ESOP Notes (see Note 5). Concurrent with the issuance of the Mortgage Notes (see Note 5), the First ESOP Loan was replaced by a loan agreement which provides for mandatory principal payments in amounts that are substantially in conformance with the remaining mandatory principal payments of the Senior ESOP Bank Debt as if the issuance of the Mortgage Notes had not occurred (the "New ESOP Loan"). The interest rate on the New ESOP Loan is determined quarterly based on .85 times the sum of the London InterBank Offered Rates plus 2.5% (5.1% at September 30, 1993). The EPIC ESOP has pledged all of its shares of the Holdings Common Stock as collateral for the ESOP-related borrowings. These shares are released from the pledge as the loans are paid. The EPIC ESOP receives contributions from EPIC to service and extinguish the loans.

The EPIC ESOP is an individual account, defined contribution plan. Nonunion employee-owners who work a specified number of hours are eligible to participate in the EPIC ESOP if they have attained age 21 and completed one year of service. No employee-owner contributions are required or permitted to be made to the EPIC ESOP. No rollover contributions are permitted to be made to the EPIC ESOP. Allocations are made to participants' accounts in an amount which reflects each participant's proportionate share of the contributions made by EPIC to the EPIC ESOP, as determined on the basis of each participant's compensation. Contributions made to the EPIC ESOP and the value of shares of common stock allocated to the account of a participant as a result of such contributions are intended to be treated as tax-deferred contributions. Such contributions, and earnings thereon, generally are includable in a participant's compensation for federal income tax purposes when distributed.

As of the plan year ended December 31, 1992, cumulative allocations of 10,650,517 shares of Holdings Common Stock at a market value of $8.00 per share based on an independent valuation, or $85,204,136 in total have been made to 10,183 participants. Shares of Holdings Common Stock relating to the plan year ending December 31, 1993 will be allocated during fiscal 1994.

Subject to limitations contained in the Internal Revenue Code of 1986, as amended (the "Code"), Holdings is entitled to claim an income tax deduction for contributions to the EPIC ESOP. Holdings has received a favorable determination from the Internal Revenue Service that the EPIC ESOP is qualified as an "employee stock ownership plan" within the meaning of Section 4975(e)(7) of the Code. Contributions to the EPIC ESOP are used by the EPIC ESOP to pay interest and principal on the loans owed to EPIC. These payments are used by EPIC to pay interest and principal on the Class B-1 First Priority Mortgage Notes and the Senior ESOP Notes.

EPIC recorded net ESOP expense, using the cash method, and corresponding reductions in the EPIC ESOP notes receivable, of $20,715,000, $20,714,000, and $23,076,000 for fiscal 1993, 1992 and 1991, respectively. Interest income recognized on the EPIC ESOP notes receivable totaled $14,984,000, $16,885,000, and $20,483,000 for fiscal 1993, 1992 and 1991, respectively, which in turn was contributed to the EPIC ESOP to pay interest expense incurred on the ESOP-related debt. Interest expense incurred on ESOP-related debt totaled $20,856,000, $21,734,000, and $21,731,000, which included discount amortization

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of $559,000, $551,000, and $511,000 for fiscal 1993, 1992 and 1991, respectively.

4. OPERATING LEASES

Holdings leases office space, office equipment and medical equipment. Generally, real estate leases are for primary terms of from one to 12 years with options to renew for additional periods, and equipment leases are for terms of from one to seven years. Future minimum lease payments for all operating leases having initial or remaining noncancellable lease terms in excess of one year as of September 30, 1993 are as follows (dollars in thousands):

1994	$ 4,560
1995	4,225
1996	3,337
1997	2,693
1998	1,835
1999 and thereafter	3,485
	20,135
Sublease income	(1,116)
	$19,019

Rent expense under operating leases was as follows (dollars in thousands):

	FOR THE YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
Minimum rent	$18,496	$16,107	$13,609
Sublease income	(795)	(609)	(317)
	$17,701	$15,498	$13,292

Holdings' long-term debt, net of discounts, is summarized below (dollars in thousands):

	SEPTEMBER 30,	
	1993	1992
12% Senior Deferred Coupon Notes, principal of $250,000 due 2002	$167,197	$148,628
11.375% Class B-1 First Priority Mortgage Notes payable in semi-annual payments of $9,000 commencing in July 1996 with a final payment of $10,000 in July 2001	99,579	99,500
11.5% Class B-2 First Priority Mortgage Notes payable in semi-annual payments of $500 through July 1994, increasing to $750 in January 1995, to $1,500 in January 1997, to $8,000 in January 1998, to $9,000 in January 1999, with a final payment of $15,500 in July 2001	83,112	84,046

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Class B-3 First Priority Mortgage Notes payable in semi-annual payments of $750 commencing in January 1995, increasing to $3,000 in January 1997 through July 1998, with a fluctuating interest rate (6.5% at September 30, 1993)	15,000	15,000
Other mortgage debt and capital lease obligations with varying maturities and interest rates ranging from 4.75% to 12.9%	20,651	20,351
Acquisition loan payable in quarterly installments of $1,250 commencing in October 1993 with a fluctuating interest rate (8.0% at September, 1993)	19,542	--
Zero Coupon Notes, principal of $89,313 due 2001 with an effective interest rate of 14.8%	28,564	24,770
Additional Zero Coupon Notes, principal of $7,079 due 2001 with an effective interest rate of 14.8%	2,265	1,964
11.875% Senior ESOP Notes payable in three equal annual payments commencing in September 1996 with an effective interest rate of 13.03%	72,141	76,840
10.875% Senior Subordinated Notes due 2003	160,000	--
15% Senior Subordinated Notes payable in three equal annual payments commencing in 1999	40,320	104,852
11% Junior Subordinated Pay-In-Kind Notes payable in three equal annual payments commencing in September 2001	19,148	45,742
	727,519	621,693
Current maturities	(47,914)	(2,330)
	$679,605	$619,363

</TABLE>

The 12% Senior Deferred Coupon Notes are reflected at their fair value of $140,053,000 at March 25, 1992, plus accretion of discount through September 30, 1993. Interest is payable semi-annually beginning March 16, 1997.

The Mortgage Notes are the indebtedness of EPIC Properties, Inc. ("EPIC Properties"), an indirect wholly-owned subsidiary of EPIC. The Mortgage Notes are secured by mortgages on 24 acute care hospital complexes ("the Mortgaged Hospitals") and the land on which such buildings are located, and by a first priority security interest in certain furnishings and equipment located at each of the Mortgaged Hospitals. The Mortgage Notes are fully and unconditionally guaranteed by EPIC (see Note 18).

The interest rate on the Class B-1 First Priority Mortgage Notes (the "Class B-1 Notes") will increase to 11.5% after September 30, 1995. If the Internal Revenue Service determines that interest on the Class B-1 Notes does not qualify for a 50% exclusion from federal taxable income, the interest rate on the Class B-1 Notes will increase to 11.5% for all periods through September 30, 1995 during which such interest exclusion is not available.

EPIC incurred losses on refinancing concurrent with the issuance of the Mortgage Notes, due primarily to the write-off of loan issue costs. These losses, totalling $3,911,000, are recorded as an extraordinary item (net of income tax benefit of $1,330,000) in the consolidated statement of operations for the fiscal year ended September 30, 1991.

The Zero Coupon Notes are reflected at their fair value of $14,008,000, as estimated by EPIC at September 30, 1988, plus accretion of discount through September 30, 1993. No interest or principal is payable until maturity.

Additional Zero Coupon Notes were issued under an interest rate cap agreement with AMI (see Note 13) and are reflected at their original fair value plus accretion of discount through September 30, 1993. No interest or principal is payable until maturity.

A subsidiary of EPIC purchased $5,400,000 and $19,850,000 face value of the 11.875% Senior ESOP Notes on the open market for $5,616,000 and $20,293,000 plus accrued interest in fiscal 1993 and 1992, respectively (the "Senior ESOP Note Purchases"). Losses of $570,000 and $1,917,000 due to the write-off of debt issue costs and unamortized discounts and the payment of a premium on the Senior ESOP Note Purchase are recorded as extraordinary items (net of income tax benefit of $652,000 in 1992) in the consolidated statements of operations for the fiscal years ended September 30, 1993 and 1992.

The 11.875% Senior ESOP Notes, which carry detached stock purchase warrants (see Note 9), have a stated principal amount of $100,000,000 and are reflected

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at their fair value of $93,988,000, as estimated by EPIC at September 30, 1988, less the Senior ESOP Note Purchases, plus accretion of discount through September 30, 1993.

On June 18, 1993, EPIC refinanced $74,680,000 in principal of the 15% Senior Subordinated Notes and $53,697,000 in principal of the 11% Junior Subordinated Pay-In-Kind Notes (the "Refinancing") through the issuance of the 10.875% Senior Subordinated Notes. The 10.875% Senior Subordinated Notes are guaranteed by certain subsidiaries of EPIC (see Note 18).

Under the terms of the Second Amended and Restated Credit Agreement dated as of September 30, 1988, and amended and restated as of July 30, 1991, and September 1, 1993 (the "Amended Credit Agreement"), EPIC is required to call the remaining $40,320,000 in principal of the 15% Senior Subordinated Notes by February 28, 1994, with the remaining proceeds of the Refinancing. The remaining principal of the 15% Senior Subordinated Notes at September 30, 1993, has been recorded as current maturities of long term debt in the consolidated balance sheets.

EPIC incurred a loss before taxes of $21,390,000 on the Refinancing, which resulted from the write-off of loan issue costs and unamortized discount on the 15% Senior Subordinated Notes and the redeemed portion of the 11% Junior Subordinated Pay-In-Kind Notes, payments to the holders of the 15% Senior Subordinated Notes and the 11.875% Senior ESOP Notes for waivers of certain provisions of the respective indentures and the accrual of the call premium to be paid on redeeming the remaining principal on the 15% Senior Subordinated Notes. These losses are recorded as an extraordinary item in the consolidated statements of operations.

The 15% Senior Subordinated Notes are guaranteed by certain wholly-owned subsidiaries of EPIC (see Note 18) and are secured by a fourth pledge of the common stock of such subsidiaries.

Interest on the 11% Junior Subordinated Pay-in-Kind Notes is payable semiannually by the issuance of additional 11% Junior Subordinated Pay-in-Kind Notes through September 30, 1995, and thereafter, if Holdings is prohibited from making cash interest payments by the terms of any senior debt existing on September 30, 1988 less the amount retired in the Refinancing. The notes, which have a stated principal amount of $50,000,000, have been recorded at their fair value estimated by EPIC at September 30, 1988, of $22,900,000 plus accretion of discount through September 30, 1993, less the amount retired as a result of the Refinancing. The effective interest rate for these notes is 18.07%.

The Amended Credit Agreement provides EPIC with revolving loan commitments and an acquisition loan to be used for working capital and acquisition funds for EPIC. As of September 30, 1993, revolving loan commitments aggregated $30 million. Any revolving loan commitments outstanding are due July 31, 1997.

Interest is generally payable monthly at the following rates per annum, at EPIC's option: (i) 1.5% in excess of the higher of the prime rate in effect from time to time or the annual yield on ninety-day commercial paper or (ii) 2.5% in excess of the LIBOR rate. There were no revolving loans outstanding as of September 30, 1993, and 1992, respectively. The acquisition term loan principal amount outstanding is payable in quarterly installments commencing on October 31, 1993 through July 31, 1997. Interest is generally payable quarterly at the following rates per annum, at EPIC's option: (i) 2.0% in excess of the higher of the prime rate in effect from time to time or the annual yield on ninety-day commercial paper or (ii) 3.0% in excess of the LIBOR rate.

In connection with the issuance of the Mortgage Notes, EPIC Properties obtained a revolving line of credit. The line of credit can only be used for the purpose of paying interest or principal on the Mortgage Notes. The maximum loan amount available is the lesser of $22 million or the annual interest accrual of the Mortgage Notes. The line of credit would bear an interest rate of the Prime Lending Rate of AmSouth Bank plus 2%. There were no loans outstanding under the line of credit as of September 30, 1993 and 1992, respectively.

The Amended Credit Agreement and other long-term debt agreements contain a number of restrictive covenants, including restrictions on incurrence of debt, sales of assets, payment of cash dividends, requirements to maintain certain financial ratios and a specified level of net worth, as defined, and other limitations, including limitations on the use of funds from the sale of certain assets.

As of September 30, 1993, the maturities of long-term debt were as follows

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(dollars in thousands):

1994	$ 47,914
1995	9,498
1996	43,545
1997	58,546
1998	67,207
1999 and thereafter	671,160
	897,870
Unamortized discounts and unaccreted interest	(170,351)
	$ 727,519

6. INCOME TAXES

The income tax benefit for fiscal 1992 and 1991 was comprised of deferred federal benefits of $11,800,000 and $9,996,000 respectively, arising from reported financial losses and state income tax expense of $1,984,000 and $888,000 in fiscal 1993 and 1992, respectively. For financial reporting purposes, Holdings has utilized all of its deferred federal tax liability and has not recognized a benefit for the current net operating loss pursuant to the provisions of SFAS No. 96. Taxes paid during 1993 and 1992 primarily relate to state income taxes and estimated federal tax payments.

Holdings' consolidated effective federal tax rate differed from the federal statutory rate as set forth in the following table:

	FOR THE YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
Tax benefit computed at federal statutory rate (34%)	$ 16,022	$12,547	$10,732
Amortization of excess purchase price over net assets acquired	(790)	(614)	(601)
Losses not subject to benefit	(15,089)	--	--
Other, net	(143)	(133)	(135)
Income tax benefit	$ --	$11,800	$ 9,996

The deferred income tax benefit results from the following temporary differences in reporting for financial and income tax purposes:

	FOR THE YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
	(IN THOUSANDS)		
Book/tax difference on sale of assets	$ 3,835	$ --	$ --
Book/tax depreciation differences	475	221	(3,392)
Net operating loss recognized currently for financial reporting	2,976	1,412	6,134
SAR compensation not currently deductible	968	3,673	2,426
Professional liability reserves not currently deductible	383	1,013	4,345
Other reserves for estimated losses and contingencies not currently deductible	1,348	2,217	508
Paid time off accrued for financial reporting, not			

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currently deductible................................	339	719	89
Difference arising from ESOP loan fees initially expensed for tax purposes but capitalized and amortized for financial reporting purposes..........	197	427	(480)
Difference in methods used to reserve for bad debts...	802	1,014	55
Difference in ESOP contribution deduction............	(162)	207	(1,317)
Difference in methods for reporting interest..........	1,553	562	694
Losses not subject to benefit.........................	(15,089)	--	--
Other..	2,375	335	934
Deferred income tax benefit...........................	$ --	$11,800	$ 9,996

</TABLE>

Net operating loss carryforwards of approximately $72,106,000 (expiring in the years 2004, 2005, 2006, 2007 and 2008) are available to offset future income for federal and state tax purposes. The utilization of these net operating loss carryforwards is dependent upon future taxable income. Net operating loss carryforwards of $47,123,000 are available for financial reporting purposes.

7. DEFERRED COMPENSATION

Holdings has adopted a deferred compensation plan (the "SAR Plan") as part of its overall executive compensation program to attract, motivate and retain key employee-owners. As of September 30, 1993, 5,873,582 SAR Plan units, each exchangeable for one share of Holdings Common Stock or redeemable for cash or other property under certain circumstances, were held by certain key employee-owners and former employee-owners. During fiscal 1993, 1992 and 1991, 309,500, 1,481,065 and 1,002,000 SAR Plan units were granted and 427,800, 218,000, and 243,000 SAR Plan units were cancelled, respectively. The outstanding SAR Plan units vest in varying amounts at varying periods not exceeding five years beginning on each respective grant date. A maximum of 6,587,565 SAR Plan units, reduced by all units redeemed may be

outstanding at any time. During fiscal 1993, 1992, and 1991, Holdings accrued SAR Plan compensation expense of $3,848,000, $11,805,000, and $8,135,000, respectively.

During fiscal 1993, 123,417 SAR Plan units were redeemed for $974,994 in cash ($7.90 per unit) and 3,125 units were redeemed for $25,000 in cash ($8.00 per unit); in October 1993, 121,874 SAR Plan units were redeemed for $974,996 in cash ($8.00 per unit).

During fiscal 1992, 129,998 SAR Plan units were redeemed for $974,985 in cash ($7.50 per unit) and 3,164 SAR Plan units were redeemed for $24,996 in cash ($7.90 per unit).

8. REDEEMABLE PREFERRED STOCK

Pursuant to the Merger, the EPIC Class A and Class B Preferred Stock was converted to Holdings Preferred Stock and the EPIC Class C Preferred Stock was converted to Holdings Common Stock. The EPIC Class A and Class B Preferred Stock, which had a book value of $66,360,000 and $66,776,000, respectively, was repurchased from AMI for $130,000,000. The EPIC Class C Preferred Stock, which had a book value of $63,935,000 was converted into 9,423,075 shares of Holdings Common Stock.

At September 30, 1988, redeemable preferred stock of EPIC was recorded at fair value estimated by EPIC, based on an independent valuation. The recorded amounts were less than the mandatory redemption amounts for the EPIC Class A and Class B Preferred Stock and were increased by the recording of dividends at the stated rate and by accretion of the discount, and reduced by the discount recorded on declared and accrued dividends, so that the carrying amounts would equal the mandatory redemption amounts at the mandatory redemption dates.

Dividends on the EPIC Class A and Class B Preferred Stock were cumulative and payable quarterly at annual rates of $10.00 and $10.50 per share, respectively, out of funds legally available. EPIC declared and paid such dividends in like stock three quarters in arrears, however, such dividends were accrued quarterly. For the dividend periods after September 30, 1988, to conversion, dividends were paid in additional shares of the same class of stock at the rate of 0.025 and 0.02625, respectively, of a share of stock. During fiscal 1992, EPIC declared dividends of 26,144 shares of EPIC Class A Preferred Stock and 28,182 shares of EPIC Class B Preferred Stock.

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Holders of shares of EPIC Class C Preferred Stock were entitled to receive cumulative dividends out of funds legally available at the annual rate of $8.00 per share. No dividends were declared on the EPIC Class C Preferred Stock; however, EPIC had recorded accruals of $1,935,000 during fiscal year 1992 and $4,000,000 during fiscal year 1991 for undeclared dividends.

9. COMMON STOCK WARRANTS AND OPTIONS

The Senior ESOP Notes and 15% Senior Subordinated Notes carried detachable stock purchase warrants to purchase 1,884,615 and 3,795,000 shares of EPIC Common Stock for $.01 and $.001 per share, subject to anti-dilution adjustments. The aggregate fair values of these warrants estimated by EPIC, based on an independent valuation, at date of issuance were $6,012,000 and $12,103,000, respectively. In addition, EPIC agreed to issue to AMI certain warrants to purchase 925,129 shares of EPIC Common Stock at an exercise price of $.001 per share. Immediately prior to the Merger, 6,306,395 of the warrants outstanding were exercised for 63,064 shares of EPIC Common Stock. In conjunction with the Merger, all of the remaining warrants outstanding became warrants to acquire the same number of shares of Holdings Common Stock. During fiscal 1992, after the Merger, 152,692 of the warrants outstanding were exercised for Holdings Common Stock. During fiscal 1993, 3,300 of the warrants outstanding were exercised. Warrants to purchase 142,357 shares of Holdings Common Stock were outstanding at September 30, 1993.

On December 14, 1988, EPIC adopted the EPIC Healthcare Group, Inc. Stock Option Plan (the "Stock Option Plan"). Under the Stock Option Plan, the Board of Directors is authorized to grant options to EPIC directors, officers and salaried employee-owners to purchase up to 500,000 shares of Holdings Common Stock. Options granted vest in five equal annual installments. No options were granted during fiscal 1993, 1992 or 1991. At September 30, 1993, options for 32,000 shares were exercisable.

10. COMMON STOCK

Prior to the Merger, warrants were exercised for 63,064 shares of EPIC Common Stock and 1,452 shares were repurchased by EPIC from participants of the EPIC ESOP. Pursuant to the Merger, 30,739,378 shares of EPIC Common Stock were converted to Holdings Common Stock and the EPIC Class C Preferred Stock was converted to 9,423,075 shares of Holdings Common Stock. Since the Merger, warrants have been exercised for 155,992 shares of Holdings Common Stock. Additionally, 219,004 shares have been distributed to participants of the EPIC ESOP, which were repurchased by Holdings.

Holdings has reserved 142,357 shares of Holdings Common Stock for issuance upon the exercise of outstanding warrants to purchase Holdings Common Stock and 5,902,116 shares have been reserved for future issuance under the SAR Plan.

11. LOSS PER COMMON SHARE

Loss per common share has been computed by dividing the net loss to common stockholders by the average number of common shares outstanding during the period. The exercise of the outstanding common stock warrants and other common stock equivalents has not been assumed as the effect would be antidilutive.

Assuming conversion of the EPIC redeemable preferred stock as of October 1, 1991, the net loss per common share of Holdings would have been $32,645,000 as a result of the elimination of the redeemable preferred stock dividend of $11,048,000 and additional interest expense of $8,806,000 on the Holdings Notes (from the period from October 1, 1991, to March 24, 1992). The weighted average number of common shares outstanding would have been 40,183,036 shares. As a result, the net loss per common share in fiscal 1992 would have been $0.84.

12. PROFESSIONAL AND GENERAL LIABILITY RISKS

Holdings is self-insured for its professional and general liability risks. As of September 30, 1993, the unfunded reserve for this self insurance was $45,130,000 of which $11,000,000 was included in current liabilities. EPIC has funded $12,482,000 of the reserves through a wholly-owned captive insurance company at September 30, 1993. The reserves for losses and related expenses are discounted to their present value based on expected loss reporting patterns determined by independent actuaries using a rate of 9%. AMI has retained the liability for all professional liability claims with a date of occurrence prior to October 1, 1988.

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13. RELATED PARTY TRANSACTIONS

EPIC and AMI entered into an interest rate cap agreement (the "Senior Interest Cap Agreement") whereby AMI agreed to pay to EPIC the amounts by which EPIC's interest costs under certain tranches of indebtedness exceeded, during each of the three fiscal years after September 30, 1988, certain specified rates, net of the effect of any reimbursement to EPIC by Medicare, Medicaid, or Blue Cross for any interest expense incurred by EPIC in excess of such rates in connection with such loans.

On August 28, 1991, EPIC and AMI agreed that it was mutually in their best interest to terminate the Senior Interest Cap Agreement prior to its scheduled expiration of October 1, 1991. EPIC and AMI further agreed that each party had fully performed all of its obligations under the Senior Interest Cap Agreement and each party released the other from future obligations thereunder.

Pursuant to the terms of the Senior Interest Cap Agreement, EPIC issued Additional Zero Coupon Notes to AMI in the principal amounts of $1,612,000 and $2,844,000 during fiscal 1990 and 1989, respectively, in exchange for cash of a like amount paid to EPIC by AMI during such years. In fiscal 1991, EPIC paid to AMI $2,864,000 and issued Additional Zero Coupon Notes to AMI with a present value of $626,000 in exchange for the cancellation of the zero coupon notes issued in 1989. AMI has sold their interest in the Additional Zero Coupon Notes. Net interest expense of $839,000 was recognized during fiscal 1991 relating to this agreement.

EPIC and AMI have entered into certain other agreements, including a registration rights agreement pursuant to which EPIC has agreed to register the securities issued to AMI under the Securities Act of 1933. AMI has also agreed to indemnify EPIC against certain liabilities associated with the breach of representations and warrants made by AMI, certain tax liabilities that may arise, certain reimbursements still pending related to the Acquisitions and certain fees, costs, and expenses.

During fiscal 1993, AMI reimbursed $1,621,000 relating to AMI's indemnifications of EPIC for certain intermediary adjustments to reimburse costs relating to cost report years that preceded the formation of EPIC.

EPIC entered into a three year group purchasing agreement, effective September 1, 1993, with a subsidiary of AMI, which allows the Company to purchase supplies at lower group rates. The Company expects to purchase more than $30,000,000 per year of supplies under terms of the agreement. The Company will pay $180,000 per year to participate in this program.

David R. Belle-Isle, a former officer of EPIC, borrowed $181,000 from EPIC in December 1988 in connection with his relocation to Texas. The loan was interest free until it was restructured in October 1990. Effective as of the 30th day of September 1991, this debt, totalling $160,000, was forgiven. The Company reimbursed Mr. Belle-Isle for the tax liability associated with the forgiveness of the loan.

EPIC has a consulting agreement with The Elder Group, of which Thomas H. Elder, who formerly served as EPIC's Management Services Officer, is the Managing Principal. EPIC paid The Elder Group approximately $1,300,000 and $1,000,000 in fiscal 1992 and 1991, respectively.

EPIC has an investment in the preferred stock of the Compucare Company ("Compucare"), who is developing and installing one of EPIC's new information systems. The chief executive officer of EPIC is on the board of directors of Compucare. Payments to Compucare for fiscal 1993 totalled $5,651,000.

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

SFAS No. 107 "Disclosures about Fair Value of Financial Instruments", requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in any cases, could not be realized in immediate settlement of the instrument. SFAS No. 107 excluded certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the

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underlying value of Holdings. The following methods and assumptions were used by Holdings in estimating its fair value disclosures for financial instruments.

Cash Equivalents, Cash Restricted for Interest Payments, and Marketable Securities

The carrying amounts reported in the consolidated balance sheets for cash equivalents, cash restricted for interest payments, and marketable interest bearing securities approximates their fair values.

Long-Term Debt (Including Current Maturities)

The fair values of Holdings' long-term debt, except the Class B-1 and Class B-2 First Priority Mortgage Notes, are estimated using quoted market prices or the call price. The fair value of the Class B-1 and Class B-2 First Priority Mortgage Notes are estimated using discounted cash flow analysis based on Holdings' incremental borrowing rate for similar types of borrowing arrangements.

The carrying amounts and estimated fair values of Holdings' financial instruments at September 30, 1993 are as follows (in thousands):

	CARRYING AMOUNT	FAIR VALUE
Cash equivalents, cash restricted for interest payments, and marketable securities	$112,529	$112,529
Long-term debt	$727,519	$772,006

15. EXTRAORDINARY ITEMS

Extraordinary items of $21,960,000 in 1993, $1,265,000 ($1,917,000, net of income tax benefit of $652,000) in 1992 and $2,581,000 ($3,911,000, net of income tax benefit of $1,330,000) in 1991 were primarily due to the write-offs of loan issue costs and unamortized discounts on retirements of long-term debt (see Note 5).

16. SUPPLEMENTARY INCOME STATEMENT INFORMATION

Maintenance and repair expense was $17,101,000, $17,564,000, and $16,159,000 for fiscal 1993, 1992, and 1991, respectively.

17. CONTINGENCIES

Final determination of amounts earned under prospective payment and cost-reimbursement programs is subject to review by appropriate governmental authorities or their agents. In the opinion of management, adequate provision has been made for any adjustments that could result from such reviews.

Holdings is currently, and from time to time is expected to be, subject to claims and suits arising in the ordinary course of business. In the opinion of management, the ultimate resolution of such matters will not have a material effect on Holding's results of operations, financial position, or liquidity. Pursuant to the terms of the Acquisitions, claims relating to litigation, medical benefits, and workers' compensation occurring prior to October 1, 1988, remain the obligation of AMI.

18. GUARANTOR SUBSIDIARIES

Certain subsidiaries of EPIC (the "Guarantor Subsidiaries") guarantee the loans under the Bank Credit Agreement, AMI Zero Coupon Notes, Additional AMI Zero Coupon Notes, 11.875% Senior ESOP Notes, 10.875% Senior Subordinated Notes, 15% Senior Subordinated Notes and 11% Junior Subordinated Pay-In-Kind Notes. Certain other subsidiaries, including EPIC Properties, are not Guarantor Subsidiaries (the Nonguarantor Subsidiaries) (see Note 5). All equity interests in the Nonguarantor Subsidiaries, other than those held by minority interests, are held by EPIC.

Condensed consolidating financial information of EPIC, the Guarantor Subsidiaries, EPIC Properties and the other Nonguarantor Subsidiaries are included in the footnotes to the consolidated financial statements of EPIC

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included elsewhere herein.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

ASSETS

	DECEMBER 31, 1993 (UNAUDITED)	SEPTEMBER 30, 1993
CURRENT ASSETS		
Cash and cash equivalents	$ 40,940	$ 56,756
Cash restricted for interest payment	9,573	3,820
Marketable securities	34,132	47,347
Accounts receivable, net of reserves for uncompensated care of $31,187 and $29,286	99,392	76,957
Supply inventories	20,973	20,687
Prepaid expenses and other	12,398	4,574
Deferred income taxes	5,384	--
TOTAL CURRENT ASSETS	222,792	210,141
PROPERTY AND EQUIPMENT	810,055	786,798
ACCUMULATED DEPRECIATION AND AMORTIZATION	(231,239)	(218,746)
	578,816	568,052
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net of accumulated amortization	52,461	52,965
OTHER ASSETS, net of accumulated amortization	34,551	33,818
TOTAL ASSETS	$ 888,620	$ 864,976

LIABILITIES AND STOCKHOLDER'S EQUITY

	DECEMBER 31, 1993 (UNAUDITED)	SEPTEMBER 30, 1993
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 48,049	$ 47,914
Accounts payable	45,551	44,610
Accrued liabilities	96,636	87,531
TOTAL CURRENT LIABILITIES	190,236	180,055
LONG-TERM DEBT	512,999	512,408
DEFERRED INCOME TAXES	11,378	5,994
RESERVE FOR PROFESSIONAL LIABILITY RISKS	46,557	46,612
OTHER DEFERRED LIABILITIES	42,013	42,450
COMMITMENTS AND CONTINGENT LIABILITIES		
MINORITY INTERESTS	5,909	5,472
STOCKHOLDER'S EQUITY		
Common stock, $.01 par value	--	--
Paid-in capital	373,719	373,838
Notes receivable from EPIC ESOP	(137,381)	(148,214)
Retained earnings (deficit)	(156,810)	(153,639)
TOTAL STOCKHOLDER'S EQUITY	79,528	71,985
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 888,620	$ 864,976

See notes to condensed consolidated financial statements.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

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	FOR THE THREE MONTHS ENDED DECEMBER 31,	
	1993	1992
NET OPERATING REVENUE	$272,451	$244,352
COSTS AND EXPENSES:		
Salaries and wages	99,526	84,634
Employee benefits	21,094	22,997
ESOP expense	5,635	5,182
Supplies	32,025	30,041
Uncompensated care	19,618	19,048
Other	64,613	57,871
Depreciation and amortization	13,130	13,791
Interest expense	18,745	17,426
TOTAL COSTS AND EXPENSES	274,386	250,990
INTEREST INCOME	806	636
LOSS BEFORE INCOME TAX BENEFIT (EXPENSE), MINORITY INTERESTS AND EXTRAORDINARY ITEM	(1,129)	(6,002)
INCOME TAX BENEFIT (EXPENSE)	(375)	431
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES, net of income tax benefit (expense)	(1,667)	(556)
LOSS BEFORE EXTRAORDINARY ITEM	(3,171)	(6,127)
EXTRAORDINARY ITEM, net of income tax benefit	--	(503)
NET LOSS	$ (3,171)	$ (6,630)

</TABLE>

See notes to condensed consolidated financial statements.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	FOR THE THREE MONTHS ENDED DECEMBER 31,	
	1993	1992
OPERATING ACTIVITIES		
Net loss	$ (3,171)	$ (6,630)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	13,130	13,791
Non-cash provision for professional liability risks	(1,111)	437
ESOP expense	5,635	5,182
Deferred SAR Plan compensation	(274)	(1,496)
Minority interests in income of consolidated subsidiaries	1,667	631
Non-cash interest	3,906	4,698
Deferred income tax benefit	--	(749)
Extraordinary item	--	570
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(22,435)	342
Supply inventories and other assets	(8,390)	(10,549)
Accounts payable and other liabilities	9,938	8,747
Net cash provided by (used in) operating activities	(1,105)	14,974
INVESTING ACTIVITIES		
Investments in marketable securities, net	13,215	6,395
Cash paid for acquisitions	(960)	(4,100)
Additions to property and equipment	(23,431)	(7,410)
Other	(661)	(811)
Net cash used in investing activities	(11,837)	(5,926)
FINANCING ACTIVITIES		
Payments on debt obligations	(1,415)	(76)
Line of credit borrowings, net	--	800

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Purchase of Senior ESOP Notes	--	(5,616)
Dividends paid to EPIC Holdings	(119)	(11)
Distributions and dividends to minority interests	(1,132)	(2,340)
Payments of debt issue costs and other, net	(208)	(59)
Net cash used in financing activities	(2,874)	(7,302)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,816)	1,746
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	56,756	32,641
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 40,940	$ 34,387
SUPPLEMENTARY INFORMATION		
Cash paid for interest	$ 8,513	$ 1,598
Cash paid for income taxes	$ 199	$ 176

</TABLE>

See notes to condensed consolidated financial statements.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1) BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of EPIC Healthcare Group, Inc. and Subsidiaries (the "Company" or "EPIC"), a wholly-owned subsidiary of EPIC Holdings, Inc. ("Holdings"), have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature. Operating results for the three month period ended December 31, 1993 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 1994. These financial statements should be read in conjunction with the audited consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended September 30, 1993.

Certain prior period amounts have been reclassified to conform with the fiscal 1994 presentation.

2) SUBSEQUENT EVENT

On January 9, 1994, Holdings entered into an Agreement and Plan of Merger (the "Merger Agreement") with HealthTrust, Inc. -- The Hospital Company, a Delaware corporation ("HTI"), and Odyssey Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of HTI ("HTI Sub"), providing for the merger (the "Merger") of HTI Sub with and into Holdings following which Holdings would become a wholly-owned subsidiary of HTI. The Merger is expected to result in a termination of the EPIC ESOP. Under the terms of the Merger Agreement, which was unanimously approved by the Boards of Directors of both HTI and Holdings, shareholders of Holdings will receive $7.00 per share of Holdings' common stock.

HTI intends to offer to purchase Holdings' 12% Senior Deferred Coupon Notes due 2002, and EPIC's 11.375% Class B-1 First Priority Mortgage Notes due 2001, 11.5% Class B-2 First Priority Mortgage Notes due 2001, Class B-3 First Priority Mortgage Notes, and 10.875% Senior Subordinated Notes due 2003 and to redeem other outstanding EPIC indebtedness in accordance with their terms. HTI also plans to seek the consent of the holders of Holdings' and EPIC's indebtedness to amend certain restrictive provisions.

Consummation of the Merger is subject to a number of conditions, including the approval of Holdings' shareholders and the consummation of certain debt consent solicitations. American Medical International, Inc. and the trustee of the EPIC ESOP (who controls the unallocated shares of the EPIC ESOP) have agreed, subject to the fulfillment of certain conditions, to vote their shares of Holdings common stock (approximately 52% combined) in favor of the Merger. The transaction is expected to close by May of 1994.

3) INCOME TAXES

Effective October 1, 1993, the Company changed its method of accounting for income taxes to the liability method as required by Statement of Financial

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Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes", which superseded SFAS No. 96. As permitted under the rules of SFAS No. 109, prior years' financial statements have not been restated.

Adoption of SFAS No. 109 had no effect on current period operations. Due to the uncertainty of the realization of the net deferred federal tax liability, the Company established a valuation allowance against the deferred federal tax assets so that deferred federal tax assets equalled deferred federal tax liabilities. The net deferred tax liability reported relates primarily to state taxes.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of October 1, 1993 are as follows (in thousands):

DEFERRED TAX LIABILITIES	
Property and equipment basis difference	$ 42,908
Loan fees	1,547
ESOP contribution	3,455
State taxes and other	5,994
Total deferred tax liabilities	53,904
DEFERRED TAX ASSETS	
Bad debt reserve differences	6,593
Professional liability reserves	15,670
SAR compensation	14,034
Health plan and workers' compensation reserve	3,652
Paid time off reserve	1,788
Net operating losses	24,312
Other	700
Total deferred tax assets	66,749
Valuation allowance	(18,839)
Net deferred tax assets	47,910
Net deferred tax liability	$ 5,994

No tax benefit was recorded for the current net operating loss and no federal taxes are anticipated for fiscal 1994. Current income tax expense of $375,000 relates to state income taxes.

4) CHANGES IN STOCKHOLDER'S EQUITY

During the three-month period ended December 31, 1993, the Company paid dividends of $119,000 to Holdings, which were recorded as a reduction in paid-in capital, and received a principal payment on the Notes receivable from the EPIC ESOP of $10,833,000, which was recorded as a reduction of the Notes receivable from EPIC ESOP.

5) GUARANTOR SUBSIDIARIES

Certain subsidiaries of EPIC (the "Guarantor Subsidiaries") guarantee the loans under the Amended Credit Agreement, the Zero Coupon Notes, the Additional Zero Coupon Notes, the 11.875% Senior ESOP Notes, the 10.875% Senior Subordinated Notes, the 15% Senior Subordinated Notes and the 11% Junior Subordinated Pay-In-Kind Notes. Certain other subsidiaries, including EPIC Properties, Inc. ("EPIC Properties") are not Guarantor Subsidiaries (the "Nonguarantor Subsidiaries"). All equity interests in the Nonguarantor Subsidiaries, other than those held by minority interests, are held by EPIC.

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EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

Following is condensed consolidating financial information of EPIC, the Guarantor Subsidiaries, EPIC Properties and the other Nonguarantor Subsidiaries:

CONDENSED CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 1993
(DOLLARS IN THOUSANDS)

ASSETS

<TABLE>
<CAPTION>

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CURRENT ASSETS						
Cash and cash equivalents.............	$ 4,948	$ 29,826	$ 1,918	$ 4,248	$ --	$ 40,940
Cash restricted for interest payment...	--	--	9,573	--	--	9,573
Marketable securities..................	--	22,672	--	11,460	--	34,132
Accounts receivable, net..............	558	72,307	470	31,320	(5,263)	99,392
Supply inventories.....................	--	16,820	--	4,153	--	20,973
Prepaid expenses and other............	5,931	5,044	237	1,186	--	12,398
Deferred income taxes..................	5,384	--	--	--	--	5,384
Receivables from affiliates...........	160,997	34,140	--	5,930	(201,067)	--
TOTAL CURRENT ASSETS............	177,818	180,809	12,198	58,297	(206,330)	222,792
PROPERTY AND EQUIPMENT...................	--	283,970	444,673	81,412	--	810,055
ACCUMULATED DEPRECIATION AND AMORTIZATION..........................	--	(55,974)	(146,387)	(28,878)	--	(231,239)
	--	227,996	298,286	52,534	--	578,816
INVESTMENTS IN SUBSIDIARIES.............	64,684	89,641	--	--	(154,325)	--
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net.........................	--	38,107	--	14,354	--	52,461
OTHER ASSETS, net........................	11,844	89,786	895	3,427	(71,401)	34,551
RECEIVABLES FROM AFFILIATES.............	297,673	4,117	--	--	(301,790)	--
TOTAL ASSETS....................	$ 552,019	$630,456	$ 311,379	$128,612	$ (733,846)	$ 888,620
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Current maturities of long-term debt...	$ 45,332	$ 686	$ 1,020	$ 1,011	$ --	$ 48,049
Accounts payable......................	235	41,308	(71)	6,301	(2,222)	45,551
Accrued liabilities...................	9,602	69,137	12,417	8,521	(3,041)	96,636
Payables to affiliates................	--	166,927	--	34,140	(201,067)	--
TOTAL CURRENT LIABILITIES........	55,169	278,058	13,366	49,973	(206,330)	190,236
LONG-TERM DEBT...........................	322,906	8,879	241,964	10,651	(71,401)	512,999
DEFERRED INCOME TAXES....................	11,378	--	--	--	--	11,378
RESERVE FOR PROFESSIONAL LIABILITY RISKS.................................	--	32,011	--	13,054	1,492	46,557
OTHER DEFERRED LIABILITIES...............	--	40,786	--	1,227	--	42,013
MINORITY INTERESTS.......................	--	5,226	--	683	--	5,909
PAYABLES TO AFFILIATES...................	1,363	297,673	564	1,330	(300,930)	--
STOCKHOLDERS' EQUITY						
Common stock........................	--	--	1	--	(1)	--
Paid-in capital.....................	373,719	61,855	92,865	5,434	(160,154)	373,719
Notes receivable from EPIC ESOP......	(100,000)	--	(37,381)	--	--	(137,381)
Retained earnings (deficit)..........	(112,516)	(94,032)	--	46,260	3,478	(156,810)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)......................	161,203	(32,177)	55,485	51,694	(156,677)	79,528
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)......................	$ 552,019	$630,456	$ 311,379	$128,612	$ (733,846)	$ 888,620

</TABLE>

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EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 1993
(DOLLARS IN THOUSANDS)

ASSETS

<TABLE>
<CAPTION>

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CURRENT ASSETS						
Cash and cash equivalents............	$ 8,944	$ 40,846	$ 2,062	$ 4,904	$ --	$ 56,756
Cash restricted for interest payment............................	--	--	3,820	--	--	3,820
Marketable securities................	--	35,972	--	11,375	--	47,347
Accounts receivable, net.............	474	56,000	1,071	21,321	(1,909)	76,957
Supply inventories...................	--	16,589	--	4,098	--	20,687
Prepaid expenses and other...........	777	2,714	--	1,083	--	4,574
Receivables from affiliates..........	156,437	29,013	--	13,663	(199,113)	--
TOTAL CURRENT ASSETS....................	166,632	181,134	6,953	56,444	(201,023)	210,141
PROPERTY AND EQUIPMENT..................	--	264,044	444,673	78,081	--	786,798
ACCUMULATED DEPRECIATION AND AMORTIZATION..........................	--	(50,548)	(140,665)	(27,533)	--	(218,746)
	--	213,496	304,008	50,548	--	568,052
INVESTMENTS IN SUBSIDIARIES............	64,684	109,474	--	--	(174,158)	--
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net.........................	--	38,577	--	14,388	--	52,965
OTHER ASSETS, net.......................	12,440	89,314	936	2,529	(71,401)	33,818
RECEIVABLES FROM AFFILIATES............	297,673	--	--	--	(297,673)	--
TOTAL ASSETS............................	$ 541,429	$631,995	$ 311,897	$123,909	$ (744,254)	$864,976
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Current maturities of long-term debt................................	$ 45,333	$ 643	$ 1,020	$ 918	$ --	$ 47,914
Accounts payable.....................	236	39,225	(65)	5,450	(236)	44,610
Accrued liabilities..................	9,294	64,070	5,624	10,216	(1,673)	87,531
Payables to affiliates...............	--	164,963	--	34,150	(199,113)	--
TOTAL CURRENT LIABILITIES..............	54,863	268,901	6,579	50,734	(201,022)	180,055
LONG-TERM DEBT..........................	321,895	8,948	241,927	11,039	(71,401)	512,408
DEFERRED INCOME TAXES...................	5,994	--	--	--	--	5,994
RESERVE FOR PROFESSIONAL LIABILITY RISKS................................	--	34,053	--	11,206	1,353	46,612
OTHER DEFERRED LIABILITIES.............	--	41,258	--	1,192	--	42,450
MINORITY INTERESTS......................	--	4,947	--	525	--	5,472
PAYABLES TO AFFILIATES..................	--	297,673	--	--	(297,673)	--
STOCKHOLDERS' EQUITY						
Common stock.........................	--	--	1	--	(1)	--
Paid-in capital......................	373,838	61,855	111,604	5,434	(178,893)	373,838
Notes receivable from EPIC ESOP.......	(100,000)	--	(48,214)	--	--	(148,214)
Retained earnings (deficit)..........	(115,161)	(85,640)	--	43,779	3,383	(153,639)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)....	158,677	(23,785)	63,391	49,213	(175,511)	71,985
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)......................	$ 541,429	$631,995	$ 311,897	$123,909	$ (744,254)	$864,976

</TABLE>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 1993
(DOLLARS IN THOUSANDS)

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
NET OPERATING REVENUE	$ --	$212,740	$ 13,649	$ 62,212	$(16,150)	$272,451
COSTS AND EXPENSES:						
Operating expenses	11	203,002	11	55,420	(15,933)	242,511
Depreciation and amortization	--	5,935	5,669	1,603	(77)	13,130
Interest expense	12,617	17,454	6,962	840	(19,128)	18,745
TOTAL COSTS AND EXPENSES	12,628	226,391	12,642	57,863	(35,138)	274,386
INTEREST INCOME	16,636	2,536	652	110	(19,128)	806
INCOME (LOSS) BEFORE INCOME TAX BENEFIT (EXPENSE), MINORITY INTERESTS AND EXTRAORDINARY ITEM	4,008	(11,115)	1,659	4,459	(140)	(1,129)
INCOME TAX BENEFIT (EXPENSE)	(1,363)	3,503	(564)	(1,657)	(294)	(375)
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES, net of income tax benefit (expense)	--	(780)	--	(321)	(566)	(1,667)
NET INCOME (LOSS)	$ 2,645	$ (8,392)	$ 1,095	$ 2,481	$ (1,000)	$ (3,171)

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 1992
(DOLLARS IN THOUSANDS)

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARATOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
NET OPERATING REVENUE	$ --	$178,988	$ 13,649	$ 69,156	$(17,441)	$ 244,352
COST AND EXPENSES:						
Operating expenses	50	172,362	40	64,553	(17,232)	219,773
Depreciation and amortization	407	4,463	7,281	1,747	(107)	13,791
Interest expense	11,911	12,520	6,961	1,504	(15,470)	17,426
TOTAL COSTS AND EXPENSES	12,368	189,345	14,282	67,804	(32,809)	250,990
INTEREST INCOME	12,500	2,480	1,025	101	(15,470)	636
INCOME (LOSS) BEFORE INCOME TAX BENEFIT (EXPENSE), MINORITY INTERESTS AND EXTRAORDINARY ITEM	132	(7,877)	392	1,453	(102)	(6,002)
INCOME TAX BENEFIT (EXPENSE)	607	(122)	--	(54)	--	431
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES, net of income tax benefit (expense)	75	(552)	--	(79)	--	(556)
INCOME (LOSS) BEFORE						

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EXTRAORDINARY ITEM..........	814	(8,551)	392	1,320	(102)	(6,127)
EXTRAORDINARY ITEM, net of income tax benefit (expense).................	(503)	--	--	--	--	(503)
NET INCOME (LOSS).............	$ 311	$ (8,551)	$ 392	$ 1,320	$ (102)	$ (6,630)

</TABLE>

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED DECEMBER 31, 1993
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

<S>	EPIC HEALTHCARE GROUP, INC. <C>	GUARANTOR SUBSIDIARIES <C>	EPIC PROPERTIES <C>	OTHER NONGUARANTOR SUBSIDIARIES <C>	ELIMINATIONS <C>	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES <C>
Net cash provided by (used in) operating activities............	$(2,627)	$(11,483)	$ 8,856	$ 4,149	$ --	$ (1,105)
INVESTING ACTIVITIES:						
Investments in marketable securities, net................	--	13,300	--	(85)	--	13,215
Cash paid for acquisitions.......	--	--	--	(960)	--	(960)
Additions to property and equipment......................	--	(20,100)	--	(3,331)	--	(23,431)
Principal collected on note receivable from EPIC ESOP......	--	--	10,833	--	(10,833)	--
Other...........................	--	(601)	--	(60)	--	(661)
Net cash provided by (used in) investing activities............	--	(7,401)	10,833	(4,436)	(10,833)	(11,837)
FINANCING ACTIVITIES						
Payments on debt obligations.....	(1,250)	(26)	--	(139)	--	(1,415)
Contributions to EPIC ESOP.......	--	(10,833)	--	--	10,833	--
Dividends paid to EPIC Holdings......................	(119)	--	--	--	--	(119)
Dividends and capital distributions received from EPIC Properties................	--	19,833	--	--	(19,833)	--
Dividends and capital distributions paid by EPIC Properties....................	--	--	(19,833)	--	19,833	--
Distributions and dividends to minority interests............	--	(902)	--	(230)	--	(1,132)
Payments of debt issue costs and other, net....................	--	(208)	--	--	--	(208)
Net cash provided by (used in) financing activities............	(1,369)	7,864	(19,833)	(369)	10,833	(2,874)
DECREASE IN CASH AND CASH EQUIVALENTS......................	(3,996)	(11,020)	(144)	(656)	--	(15,816)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.............	8,944	40,846	2,062	4,904	--	56,756
CASH AND CASH EQUIVALENTS AT END OF PERIOD..........................	$ 4,948	$ 29,826	$ 1,918	$ 4,248	$ --	$ 40,940

</TABLE>

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED DECEMBER 31, 1992
(DOLLARS IN THOUSANDS)

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
Net cash provided by (used in) operating activities	$(771)	$ 11,646	$ 7,269	$ (3,170)	$ --	$ 14,974
INVESTING ACTIVITIES:						
Investments in marketable securities, net	--	256	--	6,139	--	6,395
Cash paid for acquisitions	--	(4,100)	--	--	--	(4,100)
Additions to property and equipment	--	(7,410)	--	--	--	(7,410)
Principal collected on note receivable from EPIC ESOP	--	--	10,357	--	(10,357)	--
Other	(103)	(708)	--	--	--	(811)
Net cash provided by (used in) investing activities	(103)	(11,962)	10,357	6,139	(10,357)	(5,926)
FINANCING ACTIVITIES						
Payments on debt obligations	--	(20)	--	(56)	--	(76)
Line of credit borrowings, net	800	--	--	--	--	800
Purchase of Senior ESOP notes	--	(5,616)	--	--	--	(5,616)
Contributions to EPIC ESOP	--	(10,357)	--	--	10,357	--
Dividends paid to EPIC Holdings	(11)	--	--	--	--	(11)
Dividends and capital distributions received from EPIC Properties	--	17,012	--	888	(17,900)	--
Dividends and capital distributions paid by EPIC Properties	--	--	(17,900)	--	17,900	--
Distributions and dividends to minority interests	--	(680)	--	(1,660)	--	(2,340)
Payment of debt issue costs and other, net	--	(59)	--	--	--	(59)
Net cash provided by (used in) financing activities	789	280	(17,900)	(828)	10,357	(7,302)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(85)	(36)	(274)	2,141	--	1,746
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	86	22,381	4,506	5,668	--	32,641
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 1	$ 22,345	$ 4,232	$ 7,809	$ --	$ 34,387

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

NOTES TO CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

The subsidiaries comprising the Guarantor Subsidiaries change from year to year due to new and/or revised agreements relating to the various subsidiaries of the Company. As a result, the investment in subsidiaries is presented on the cost basis.

Receivables from (payables to) affiliates include cash transfers between entities on collection of accounts receivable and payment of accounts payable and are included in cash flows provided by (used in) operating activities. Cash flows from operating, financing and investing activities for each subsidiary are presented in the consolidating statements of cash flows based on that subsidiary's designation as a guarantor or nonguarantor subsidiary at the end of the period.

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Deferred income taxes and deferred income tax benefit (expense) were recorded in the accounts of EPIC Healthcare Group, Inc. and were not allocated to the subsidiaries in fiscal 1993. SFAS No. 109, "Accounting for Income Taxes" requires that the consolidated amount of current and deferred tax expense for a group that files a consolidated tax return shall be allocated among the members of the group when those members issue separate financial statements on a basis consistent with SFAS No. 109. The Company adopted SFAS No. 109, including allocation of taxes within the consolidating financial statements, effective October 1, 1993. For fiscal 1994, deferred income tax benefit (expense) is allocated to the subsidiaries using the effective tax rate applicable and deferred income taxes for the subsidiaries are included in receivables from (payables to) affiliates.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

The Board of Directors
EPIC Holdings, Inc.

We have audited the accompanying consolidated balance sheets of EPIC Healthcare Group, Inc. and subsidiaries (a wholly-owned subsidiary of EPIC Holdings, Inc.) as of September 30, 1993 and 1992, and the related consolidated statements of operations, stockholder's equity (deficit), and cash flows for each of the three years in the period ended September 30, 1993. 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 misstatement. 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EPIC Healthcare Group, Inc. and subsidiaries at September 30, 1993, and 1992, and the results of its consolidated operations and its consolidated cash flows for each of the three years in the period ended September 30, 1993, in conformity with generally accepted accounting principles.

ERNST & YOUNG

Dallas, Texas
December 3, 1993

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	SEPTEMBER 30,	
	1993	1992
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 56,756	$ 32,641
Cash restricted for interest payment	3,820	5,768
Marketable securities	47,347	10,607
Accounts receivable, net of reserves for uncompensated care of $29,286 and $25,837	76,957	73,398
Supply inventories	20,687	20,000
Prepaid expenses and other	4,574	5,222
TOTAL CURRENT ASSETS	210,141	147,636
PROPERTY AND EQUIPMENT		
Land	53,030	57,492
Buildings and improvements	476,570	451,292

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Equipment	234,656	192,367
Construction in progress	22,542	9,333
	786,798	710,484
Accumulated depreciation and amortization	(218,746)	(173,789)
	568,052	536,695
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net of accumulated amortization	52,965	48,140
OTHER ASSETS, net of accumulated amortization	33,818	38,315
TOTAL ASSETS	$ 864,976	$ 770,786
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 47,914	$ 2,330
Accounts payable	44,610	34,809
Accrued liabilities:		
Salaries and wages	36,475	33,031
Taxes other than on income	7,874	7,476
Interest	11,027	7,658
Group health insurance	4,902	5,656
Current reserve for professional liability risks	11,000	11,000
Other	16,253	9,011
TOTAL CURRENT LIABILITIES	180,055	110,971
LONG-TERM DEBT	512,408	470,735
DEFERRED INCOME TAXES	5,994	8,988
RESERVE FOR PROFESSIONAL LIABILITY RISKS	46,612	39,640
OTHER DEFERRED LIABILITIES	42,450	39,607
COMMITMENTS AND CONTINGENT LIABILITIES		
MINORITY INTERESTS	5,472	23,494
STOCKHOLDER'S EQUITY		
Common stock, $.01 par value -- Authorized: 100,000,000 shares; Issued and outstanding: 1,000 shares	--	--
Paid-in capital	373,838	374,860
Notes receivable from EPIC ESOP	(148,214)	(168,929)
Retained earnings (deficit)	(153,639)	(128,580)
TOTAL STOCKHOLDER'S EQUITY	71,985	77,351
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 864,976	$ 770,786

</TABLE>

See notes to consolidated financial statements.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
<S>	<C>	<C>	<C>
NET OPERATING REVENUE	$ 1,019,149	$ 941,266	$ 802,689
COSTS AND EXPENSES:			
Salaries and wages	354,326	319,868	271,007
Employee benefits	84,615	81,365	68,434
ESOP expense	20,715	20,714	23,076
Supplies	121,986	116,145	99,882
Uncompensated care	80,643	69,308	59,425
Other	235,770	234,879	192,633
Depreciation and amortization	57,917	53,013	49,354
Interest expense	70,934	71,000	68,266
TOTAL COSTS AND EXPENSES	1,026,906	966,292	832,077
INTEREST INCOME	3,627	3,822	5,405
GAIN (LOSS) ON SALE OF ASSETS	3,521	(1,123)	(543)
LOSS BEFORE INCOME TAX BENEFIT, MINORITY INTERESTS AND EXTRAORDINARY ITEM	(609)	(22,327)	(24,526)
INCOME TAX BENEFIT, net	243	6,258	7,603

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MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES (net of income tax benefit of $106, $1,008 and $1,063, respectively)	(3,394)	(1,958)	(2,064)
LOSS BEFORE EXTRAORDINARY ITEM	(3,760)	(18,027)	(18,987)
EXTRAORDINARY ITEM (net of income tax benefit of $661, $652 and $1,330, respectively	(21,299)	(1,265)	(2,581)
NET LOSS	$ (25,059)	$ (19,292)	$ (21,568)

</TABLE>

See notes to consolidated financial statements.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY (DEFICIT)
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	COMMON STOCK	PAID-IN CAPITAL	NOTES RECEIVABLE FROM EPIC ESOP	RETAINED EARNINGS (DEFICIT)	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
<S>	<C>	<C>	<C>	<C>	<C>
Balance at October 1, 1990	$ 245	$219,808	$ (212,738)	$ (87,241)	$ (79,926)
Dividends accrued and accretion of discount on redeemable preferred stock	--	(22,873)	--	--	(22,873)
Principal payments received on notes receivable from EPIC ESOP	--	--	23,095	--	23,095
Treasury stock purchased	(1)	--	--	(468)	(469)
Net loss	--	--	--	(21,568)	(21,568)
Balance at September 30, 1991	244	196,935	(189,643)	(109,277)	(101,741)
Dividends accrued and accretion of discount on redeemable preferred stock	--	(11,048)	--	--	(11,048)
Principal payments received on notes receivable from EPIC ESOP	--	--	20,714	--	20,714
Treasury stock purchased	--	--	--	(11)	(11)
Warrant conversion	63	(42)	--	--	21
Contribution of redeemable preferred stock, net of expenses	--	190,008	--	--	190,008
Exchange of common stock in connection with merger	(307)	307	--	--	--
Dividends paid to EPIC Holdings	--	(1,300)	--	--	(1,300)
Net loss	--	--	--	(19,292)	(19,292)
Balance at September 30, 1992	--	374,860	(168,929)	(128,580)	77,351
Principal payments received on notes receivable from EPIC ESOP	--	--	20,715	--	20,715
Dividends paid to EPIC Holdings	--	(1,022)	--	--	(1,022)
Net loss	--	--	--	(25,059)	(25,059)
Balance at September 30, 1993	$ --	$373,838	$ (148,214)	$(153,639)	$ 71,985

</TABLE>

See notes to consolidated financial statements.

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

<TABLE>
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	FOR THE YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
OPERATING ACTIVITIES			
Net loss	$ (25,059)	$ (19,292)	$ (21,568)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	57,917	53,013	49,354
Non-cash provision for professional liability risks	2,641	4,131	11,291
ESOP expense	20,715	20,714	23,076
Deferred SAR Plan compensation	3,249	10,805	7,137
Minority interests in income of consolidated subsidiaries	3,499	2,966	3,127
(Gain) loss on sale of assets	(3,521)	1,123	543
Non-cash interest	18,286	18,417	13,975
Extraordinary item	21,960	1,917	3,911
Deferred federal income tax benefit	(2,994)	(8,806)	(9,996)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	6,054	(35,196)	(3,043)
Supply inventories and other assets	4,284	(3,162)	(5,291)
Accounts payable and other liabilities	12,202	11,282	6,444
Net cash provided by operating activities	119,233	57,912	78,960
INVESTING ACTIVITIES			
Investments in marketable securities, net	(36,740)	5,167	(12,091)
Cash paid for acquisitions	(54,536)	(12,269)	--
Additions to property and equipment	(60,784)	(47,850)	(25,646)
Purchase of investment securities	--	(4,180)	--
Proceeds from sales of assets	25,148	190	361
Collection on note receivable	9,349	--	--
Other	(5,925)	(2,046)	(48)
Net cash used in investing activities	(123,488)	(60,988)	(37,424)
FINANCING ACTIVITIES			
Payments on debt obligations	(117,765)	(1,603)	(250,647)
Proceeds from long-term borrowings	180,853	--	227,868
Purchase of Senior ESOP Notes	(5,616)	(20,293)	--
Purchase of treasury stock	--	(11)	(469)
Dividends paid to EPIC Holdings	(1,022)	(1,300)	--
Preferred stock transaction costs	--	(7,063)	--
Proceeds of warrant conversion	--	21	--
Contributions from minority interests	520	1,884	556
Distributions and dividends to minority interests	(21,110)	(4,065)	(4,122)
Payments of debt issue costs and other, net	(7,490)	(672)	(11,294)
Net cash provided by (used in) financing activities	28,370	(33,102)	(38,108)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,115	(36,178)	3,428
Cash and cash equivalents at beginning of year	32,641	68,819	65,391
Cash and cash equivalents at end of year	$ 56,756	$ 32,641	$ 68,819
SUPPLEMENTARY INFORMATION			
Cash paid during the year for interest	$ 52,370	$ 53,343	$ 52,987
Cash paid for income taxes	$ 657	$ 888	$ 666

See notes to consolidated financial statements

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

EPIC Healthcare Group, Inc. ("EPIC" or, either alone or together with its subsidiaries, the "Company") was acquired by EPIC Holdings, Inc. ("Holdings") on March 25, 1992, in a merger transaction (the "Merger") in which each outstanding share of common stock of EPIC was converted into one share of Holdings common stock. Because the Merger was between companies under common ownership, and as EPIC is a wholly-owned subsidiary of Holdings, the recorded assets and liabilities of EPIC have retained their historical cost basis.

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Principles of Consolidation

The consolidated financial statements include the accounts of EPIC and its subsidiaries. Intercompany accounts and transactions have been eliminated. Minority interests represent the minority stockholders' proportionate shares of the equity in the income (loss) of certain consolidated subsidiaries.

Cash Equivalents, Cash Restricted for Interest Payments, and Marketable Securities

The Company considers all highly liquid investments with initial maturities of three months or less from date of purchase to be cash equivalents. Cash restricted for interest payments is cash deposited into a trust to pay principal and interest required by the Class B-1, Class B-2 and Class B-3 First Priority Mortgage Notes (the "Mortgage Notes"). Investments in marketable interest-bearing securities are stated at cost which approximates market. The Company has $42,694,000 in cash and marketable securities restricted for the purpose of redeeming the remaining 15% Senior Subordinated Notes (See Note 5).

Cash equivalents, cash restricted for interest payments, and marketable securities are subject to potential concentrations of credit risk. The Company attempts to lessen that risk by investing only in United States Government securities, commercial paper having at least a rating of A-1 or the equivalent, time deposits and certificates of deposit of banks having a debt rating of at least A, or money market funds comprised of such securities. The Company invests in securities with maturities no longer than 180 days and limits the amount of credit exposure to any one commercial issuer.

Accounts Receivable

Concentration of credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and payors and the geographic dispersion of the Company's hospitals. Accounts receivable (gross) consists of amounts due from government programs (e.g., Medicare and Medicaid) (53%), commercial insurance companies (16%), private pay patients (18%) and other (including health maintenance organizations and other group insurance programs) (13%). The Company's hospitals are located throughout the southern United States, with the largest concentration in Texas, Oklahoma, Louisiana and California. The Company maintains an allowance for losses (i.e., uncompensated care or bad debt expense) based on the expected collectibility of accounts receivable.

Supply Inventories

Supply inventories are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Property and equipment are recorded at cost (or fair value at the date of acquisition as a result of the original purchase from American Medical International, Inc. and its subsidiaries ("AMI")). Depreciation

and amortization is computed using the straight-line method over estimated useful lives or the term of the lease generally ranging from 25 to 30 years for buildings and improvements, and 3 to 10 years for equipment. Maintenance costs and repairs are expensed as incurred.

Joint Ventures

The Company, in the ordinary course of business, enters into joint ventures with physicians and other companies. The Company is the majority owner and general partner of substantially all of the joint ventures and follows the principles of consolidation for all majority-owned joint ventures. Minority shareholders' investments and earnings in the joint ventures are recorded as minority interests and minority interests in income of consolidated subsidiaries, respectively. Any interest held by the Company in non-majority owned partnerships with at least 20% ownership is accounted for using the equity method. Any interest held by the Company in partnerships with less than 20% ownership is accounted for using the cost method.

On February 1, 1990, the Company entered into a joint venture with Healthtrust, Inc. - The Hospital Company ("Healthtrust") for the purpose of operating certain hospital assets in McKinney, Texas. The Company contributed, at net book value, a 168 bed facility to the venture and was the managing

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co-general partner with a 60% equity interest in the venture. Healthtrust contributed a 99 bed facility to the venture and was the co-general partner with a 40% interest in the venture. The assets contributed by Healthtrust to the joint venture, including property and equipment of $15,328,000, were recorded at fair market value which approximated net book value. Goodwill of $2,470,000, is being amortized over 40 years. On August 31, 1993, the Company purchased Healthtrust's interest in the joint venture for $15,656,000, which approximated Healthtrust's interest in the net assets of the joint venture and was recorded as a reduction to minority interests.

Intangible Assets

The excess of the purchase price over the fair value of net assets acquired is being amortized on a straight-line basis over periods ranging from nine to 40 years. Accumulated amortization was $9,244,000 and $6,920,000 at September 30, 1993 and 1992, respectively.

Costs incurred in obtaining long term financing are deferred and are included in other assets. Deferred financing costs are amortized using the effective interest method over the term of the related debt, and such amortization is included in interest expense. Accumulated amortization of deferred financing costs was $16,427,000 and $14,203,000 at September 30, 1993 and 1992, respectively.

The Company has purchased licenses to use various software applications. These costs are recorded as other assets and have been amortized over two or five year periods. Accumulated amortization of the software costs was $5,750,000 and $4,750,000 at September 30, 1993 and 1992, respectively.

Income Taxes

The Company is included in the consolidated federal income tax return of Holdings. The Company's tax provision is determined as if the Company, along with its subsidiaries, prepared its tax return on a separate return basis.

EPIC accounts for income taxes under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 96, "Accounting for Income Taxes." Under the liability method specified by SFAS No. 96, deferred tax assets and/or liabilities are determined by multiplying the difference between the financial reporting and tax reporting bases of assets and liabilities (collectively, the "temporary differences," see Note 6) by tax rates (determined in accordance with enacted tax laws) that are expected to be effective when such temporary differences reverse. EPIC's deferred tax liabilities originated from the accounting for the

acquisition from AMI (the "Acquisitions"), and reflect the estimated tax effect of differences between book and tax bases of assets acquired and liabilities assumed.

In February 1992, the Financial Accounting Standards Board issued SFAS No. 109, "Accounting for Income Taxes," which supersedes SFAS No. 96. Implementation of SFAS No. 109 for the Company was required October 1, 1993. SFAS No. 109 requires that temporary differences be reflected in the same balance sheet category as the assets and liabilities that caused the temporary differences. Deferred tax assets, which would include tax net operating loss carryforwards, would require the determination of a related valuation allowance, based on the assets' expected realization. The Company has completed the analysis necessary to determine the impact of adoption of SFAS No. 109 and it is not expected to have a material impact on the Company's financial position or results of operations and will not impact cash flows.

Net operating revenue

Net operating revenue is recorded based on established billing rates net of allowances and discounts for patients covered by Medicare, Medicaid and other contractual programs. Payments received under these programs, which are based on either the costs of services or predetermined rates, are generally less than the established billing rates of the Company's hospitals, and the differences are recorded as contractual allowances and/or contracted discounts. Reserves provided have been deducted from accounts receivable pending final audit and appeal settlement. Contractual adjustments, contracted discounts and other discounts amounted to $627,757,000, $576,572,000, and $482,158,000 for fiscal 1993, 1992 and 1991, respectively.

It is generally the Company's policy to attempt to collect compensation for

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all services performed.

Reclassifications

Certain prior period amounts have been reclassified to conform with the fiscal 1993 presentation.

2. ACQUISITIONS AND DIVESTITURES

On August 24, 1993, the Company entered into a 20-year lease agreement with two ten year renewal options, with the County of Galveston, Texas for Mainland Center Hospital, a 310-bed hospital in Texas City, Texas. The lease payment of $27,535,000 was paid in full upon the execution of the lease, which has been accounted for as a capital lease. The Company also purchased certain net current assets and equipment of the hospital, which included $5,639,000 in cash, for $17,965,000 which has been accounted for by the purchase method of accounting. The Company also has a commitment to carry out $20,000,000 of capital improvements over the term of the lease. The lease agreement contains a purchase option which becomes effective on August 24, 1994. The option price ranges from $500,000 to $851,000 over the term of the lease.

On January 6, 1993, the Company sold Westpark Community Hospital in Hammond, Louisiana for $6,200,000. A charge of $624,000 to reflect the loss on the sale was recorded in fiscal 1993. A charge of $800,000 to reflect the anticipated loss on the sale was recorded in fiscal 1992. The net book value of the assets sold before the fiscal 1992 charge, less liabilities assumed by the buyer, was $7,624,000.

On March 15, 1993, the Company sold Valley Medical Center in El Cajon, California for $16,950,000. A gain on the sale of $4,632,000 was recorded in fiscal 1993. The net book value of the assets sold, less liabilities assumed by the buyer, was $12,318,000.

On October 1, 1991, the Company purchased Colonial Hospital, a 49-bed hospital in Terrell, Texas for $10,403,000 in cash. The acquisition has been accounted for by the purchase method of accounting. The excess of purchase price over net assets acquired is being amortized over 40 years.

3. EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP")

Employee-owners of EPIC have beneficial ownership of approximately 60% of the Holdings Common Stock through their participation in the EPIC ESOP.

At the Company's inception, the EPIC ESOP purchased 24,500,000 shares of the EPIC Common Stock with the proceeds obtained from the issuance of loans aggregating $245 million payable to the Company. The terms of the original ESOP loan agreement segregated the EPIC ESOP's obligation to the Company into two components, the terms of the first of which mirrored the terms of the Senior ESOP Bank Debt (the "First ESOP Loan") and the second of which mirrored the terms of the Senior ESOP Notes (see Note 5). Concurrent with the issuance of the Mortgage Notes (see Note 5), the First ESOP Loan was replaced by a loan agreement which provides for mandatory principal payments in amounts that are substantially in conformance with the remaining mandatory principal payments of the Senior ESOP Bank Debt as if the issuance of the Mortgage Notes had not occurred (the "New ESOP Loan"). The interest rate on the New ESOP Loan is determined quarterly based on .85 times the sum of the London InterBank Offered Rates plus 2.5% (5.1% at September 30, 1993). The EPIC ESOP has pledged all of its shares of the Holdings Common Stock as collateral for the ESOP-related borrowings. These shares are released from the pledge as the loans are paid. The EPIC ESOP receives contributions from the Company to service and extinguish the loans.

The EPIC ESOP is an individual account, defined contribution plan. Nonunion employee-owners who work a specified number of hours are eligible to participate in the EPIC ESOP if they have attained age 21 and completed one year of service. No employee-owner contributions are required or permitted to be made to the EPIC ESOP. No rollover contributions are permitted to be made to the EPIC ESOP. Allocations are made to participants' accounts in an amount which reflects each participant's proportionate share of the contributions made by the Company to the EPIC ESOP, as determined on the basis of each participant's compensation. Contributions made to the EPIC ESOP and the value of shares of common stock allocated to the account of a participant as a result of such contributions are intended to be treated as tax-deferred contributions. Such contributions, and earnings thereon, generally are includable in a participant's compensation for federal income tax purposes when distributed.

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As of the plan year ended December 31, 1992, cumulative allocations of 10,650,517 shares of Holdings Common Stock at a market value of $8.00 per share based on an independent valuation, or $85,204,136 in total have been made to 10,183 participants. Shares of Holdings Common Stock relating to the plan year ending December 31, 1993 will be allocated during fiscal 1994.

Subject to limitations contained in the Internal Revenue Code of 1986, as amended (the "Code"), Holdings is entitled to claim an income tax deduction for contributions to the EPIC ESOP. The Company has received a favorable determination from the Internal Revenue Service that the EPIC ESOP is qualified as an "employee stock ownership plan" within the meaning of Section 4975(e)(7) of the Code. Contributions to the EPIC ESOP are used by the EPIC ESOP to pay interest and principal on the loans owed to the Company. The Company uses payments from the EPIC ESOP to pay interest and principal on the Class B-1 First Priority Mortgage Notes and the Senior ESOP Notes.

The Company recorded net ESOP expense, using the cash method, and corresponding reductions in the EPIC ESOP notes receivable, of $20,715,000, $20,714,000, and $23,076,000 for fiscal 1993, 1992 and 1991, respectively. Interest income recognized on the EPIC ESOP notes receivable totaled $14,984,000, $16,885,000, and $20,483,000 for fiscal 1993, 1992 and 1991, respectively, which in turn was contributed to the EPIC ESOP to pay interest expense incurred on the ESOP-related debt. Interest expense incurred on ESOP-related debt totaled $20,856,000, $21,734,000, and $21,731,000 which included discount amortization of $559,000, $551,000, and $511,000 for fiscal 1993, 1992 and 1991, respectively.

4. OPERATING LEASES

The Company leases office space, office equipment and medical equipment. Generally, real estate leases are for primary terms of from one to 12 years with options to renew for additional periods, and equipment leases are for terms of from one to seven years. Future minimum lease payments for all operating leases having initial or remaining noncancellable lease terms in excess of one year as of September 30, 1993 are as follows (dollars in thousands):

1994	$ 4,560
1995	4,225
1996	3,337
1997	2,693
1998	1,835
1999 and thereafter	3,485
	20,135
Sublease income	(1,116)
	$19,019

Rent expense under operating leases was as follows (dollars in thousands):

	FOR THE YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
Minimum rent	$18,496	$16,107	$13,609
Sublease income	(795)	(609)	(317)
	$17,701	$15,498	$13,292

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EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

5. LONG-TERM DEBT

The Company's long-term debt, net of discounts, is summarized below (dollars in thousands):

	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
11.375% Class B-1 First Priority Mortgage Notes payable in semi-annual payments of $9,000 commencing in July 1996 with a final payment of $10,000 in July 2001	$ 99,579	$ 99,500
11.5% Class B-2 First Priority Mortgage Notes payable in semi-annual payments of $500 through July 1994, increasing to $750 in January 1995, to $1,500 in January 1997, to $8,000 in January 1998, to $9,000 in January 1999, with a final payment of $15,500 in July 2001	83,112	84,046
Class B-3 First Priority Mortgage Notes payable in semi-annual payments of $750 commencing in January 1995, increasing to $3,000 in January 1997 through July 1998, with a fluctuating interest rate (6.5% at September 30, 1993)	15,000	15,000
Other mortgage debt and capital lease obligations with varying maturities and interest rates ranging from 4.75% to 12.9%	20,651	20,351
Acquisition Loan, payable in quarterly installments of $1,250 commencing in October, 1993 with a fluctuating interest rate (8.0% at September 30, 1993)	19,542	--
Zero Coupon Notes, principal of $89,313 due 2001 with an effective interest rate of 14.8%	28,564	24,770
Additional Zero Coupon Notes, principal of $7,079 due 2001 with an effective interest rate of 14.8%	2,265	1,964
11.875% Senior ESOP Notes payable in three equal annual payments commencing in September 1996 with an effective interest rate of 13.03%	72,141	76,840
10.875% Senior Subordinated Notes due 2003	160,000	--
15% Senior Subordinated Notes payable in three equal annual payments commencing in 1999	40,320	104,852
11% Junior Subordinated Pay-In-Kind Notes payable in three equal annual payments commencing in September 2001	19,148	45,742
	560,322	473,065
Current maturities	(47,914)	(2,330)
	$ 512,408	$ 470,735

The Mortgage Notes are the indebtedness of EPIC Properties, Inc. ("EPIC Properties"), an indirect wholly-owned subsidiary of EPIC. The Mortgage Notes are secured by mortgages on 24 acute care hospital complexes (the "Mortgaged Hospitals") and the land on which such buildings are located, and by a first priority security interest in certain furnishings and equipment located at each of the Mortgaged Hospitals. The Mortgage Notes are fully and unconditionally guaranteed by EPIC (see Note 17).

The interest rate on the Class B-1 First Priority Mortgage Notes (the "Class B-1 Notes") will increase to 11.5% after September 30, 1995. If the Internal Revenue Service determines that interest on the Class B-1 Notes does not qualify for a 50% exclusion from federal taxable income, the interest rate on the Class B-1 Notes will increase to 11.5% for all periods through September 30, 1995 during which such interest exclusion is not available.

The Company incurred losses on refinancing concurrent with the issuance of the Mortgage Notes due primarily to the write-off of loan issue costs. These

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losses, totalling $3,911,000, are recorded as an extraordinary item (net of income tax benefit of $1,330,000) in the consolidated statement of operations for the fiscal year ended September 30, 1991.

The Zero Coupon Notes are reflected at their fair value of $14,008,000, as estimated by the Company at September 30, 1988, plus accretion of discount through September 30, 1993. No interest or principal is payable until maturity.

Additional Zero Coupon Notes were issued under an interest rate cap agreement with AMI (see Note 12) and are reflected at their original fair value plus accretion of discount through September 30, 1993. No interest or principal is payable until maturity.

A subsidiary of EPIC purchased $5,400,000 and $19,850,000 face value of the 11.875% Senior ESOP Notes on the open market for $5,616,000 and $20,293,000 plus accrued interest in fiscal 1993 and 1992, respectively (the "Senior ESOP Note Purchases"). Losses of $570,000 and $1,917,000 due to the write-off of debt issue costs and unamortized discounts and the payment of a premium on the Senior ESOP Note Purchases are recorded as extraordinary items (net of income tax benefit of $17,000 and $652,000, respectively) in the consolidated statements of operations for the fiscal years ended September 30, 1993 and 1992, respectively.

The 11.875% Senior ESOP Notes, which carry detachable stock purchase warrants (see Note 9), have a stated principal amount of $100,000,000 and are reflected at their fair value of $93,988,000, as estimated by the Company at September 30, 1988, less the Senior ESOP Note Purchases, plus accretion of discount through September 30, 1993.

On June 18, 1993, the Company refinanced $74,680,000 in principal of the 15% Senior Subordinated Notes and $53,697,000 in principal of the 11% Junior Subordinated Pay-In-Kind Notes (the "Refinancing") through the issuance of the 10.875% Senior Subordinated Notes. The 10.875% Senior Subordinated Notes are guaranteed by certain subsidiaries of the Company (see Note 17).

Under the terms of the Second Amended and Restated Credit Agreement dated as of September 30, 1988, and amended and restated as of July 30, 1991, and September 1, 1993 (the "Amended Credit Agreement"), the Company is required to call the remaining $40,320,000 in principal of the 15% Senior Subordinated Notes by February 28, 1994, with the remaining proceeds of the Refinancing. The remaining principal of the 15% Senior Subordinated Notes at September 30, 1993, has been recorded as current maturities of long term debt in the consolidated balance sheets.

The Company incurred a loss before taxes of $21,390,000 on the Refinancing, which resulted from the write-off of loan issue costs and unamortized discount on the 15% Senior Subordinated Notes and the redeemed portion of the 11% Junior Subordinated Pay-In-Kind Notes, payments to the holders of the 15% Senior Subordinated Notes and the 11.875% Senior ESOP Notes for waivers of certain provisions of the respective indentures and the accrual of the call premium to be paid on redeeming the remaining principal on the 15% Senior Subordinated Notes. These losses are recorded as an extraordinary item (net of income tax benefit of $644,000) in the consolidated statements of operations.

The 15% Senior Subordinated Notes are guaranteed by certain wholly-owned subsidiaries of the Company (see Note 17) and are secured by a fourth pledge of the common stock of such subsidiaries.

Interest on the 11% Junior Subordinated Pay-in-Kind Notes is payable semi-annually by the issuance of additional 11% Junior Subordinated Pay-in-Kind Notes through September 30, 1995, and thereafter, if the Company is prohibited from making cash interest payments by the terms of any senior debt existing on September 30, 1988, less the amount retired in the Refinancing. The notes, which have a stated principal amount of $50,000,000, have been recorded at their fair value estimated by the Company at September 30,

1988, of $22,900,000 plus accretion of discount through September 30, 1993, less the amount retired as a result of the Refinancing. The effective interest rate for these notes is 18.07%.

The Amended Credit Agreement provides the Company with revolving loan commitments and an acquisition loan to be used for working capital and acquisition funds for the Company. As of September 30, 1993, revolving loan commitments aggregated $30 million. Any revolving loan commitments outstanding are due July 31, 1997. Interest is generally payable monthly at the following rates per annum, at the Company's option: (i) 1.5% in excess of the higher of

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the prime rate in effect from time to time or the annual yield on ninety-day commercial paper or (ii) 2.5% in excess of the LIBOR rate. There were no revolving loans outstanding as of September 30, 1993, and 1992, respectively. The acquisition term loan principal amount outstanding is payable in quarterly installments commencing on October 31, 1993 through July 31, 1997. Interest is generally payable quarterly at the following rates per annum, at the Company's option: (i) 2.0% in excess of the higher of the prime rate in effect from time to time or the annual yield on ninety-day commercial paper or (ii) 3.0% in excess of the LIBOR rate.

In connection with the issuance of the Mortgage Notes, EPIC Properties obtained a revolving line of credit. The line of credit can only be used for the purpose of paying interest or principal on the Mortgage Notes. The maximum loan amount available is the lesser of $22 million or the annual interest accrual of the Mortgage Notes. The line of credit bears an interest rate of the Prime Lending Rate of AmSouth Bank plus 2%. There were no loans outstanding under the line of credit as of September 30, 1993, and 1992, respectively.

The Amended Credit Agreement and other long-term debt agreements contain a number of restrictive covenants, including restrictions on incurrence of debt, sales of assets, payment of cash dividends, requirements to maintain certain financial ratios and a specified level of net worth, as defined, and other limitations, including limitations on the use of funds from the sale of certain assets.

As of September 30, 1993, the maturities of long-term debt were as follows (dollars in thousands):

1994	$ 47,914
1995	9,498
1996	43,545
1997	58,546
1998	67,207
1999 and thereafter	421,160
	647,870
Unamortized discounts and unaccreted interest	(87,548)
	$ 560,322

6. INCOME TAXES

Subsequent to the Merger, the Company files a consolidated federal income tax return with Holdings. The Company's income tax benefit for fiscal 1993, 1992 and 1991 was comprised of deferred federal benefits of $2,994,000, $8,806,000 and $9,996,000, respectively, arising from reported financial losses and state income tax expense of $1,984,000 and $888,000 in fiscal 1993 and 1992, respectively. For financial reporting purposes, Holdings has utilized substantially all of its deferred federal tax liability and has limited the benefit recognized for the current net operating loss pursuant to the provisions of SFAS No. 96. Taxes paid during 1993 and 1992 primarily relate to state income taxes and estimated federal tax payments.

The Company's consolidated effective federal tax rate differed from the federal statutory rate as set forth in the following table:

	FOR THE YEAR ENDED SEPTEMBER 30 (DOLLARS IN THOUSANDS)		
	1993	1992	1991
Tax benefit computed at federal statutory rate (34%)	$ 9,538	$9,553	$10,732
Amortization of excess purchase price over net assets acquired	(790)	(614)	(601)
Losses not subject to benefit	(5,611)	--	--
Other, net	(143)	(133)	(135)

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Deferred income tax benefit	$ 2,994	$8,806	$ 9,996

</TABLE>

The deferred income tax benefit results from the following temporary differences in reporting for financial and income tax purposes:

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED SEPTEMBER 30,		
	1993	1992	1991
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Book/tax difference on sale of assets	$ 3,835	$ --	$ --
Book/tax depreciation differences	475	221	(3,392)
Net operating (benefit) loss recognized currently for financial reporting	(3,508)	(1,582)	6,134
SAR compensation not currently deductible	968	3,673	2,426
Professional liability reserves not currently deductible	383	1,013	4,345
Other reserves for estimated losses and contingencies not currently deductible	1,348	2,217	508
Paid time off accrued for financial reporting, not currently deductible	339	719	89
Difference arising from ESOP loan fees initially expensed for tax purposes but capitalized and amortized for financial reporting purposes	197	427	(480)
Difference in methods used to reserve for bad debts	802	1,014	55
Difference in ESOP contribution deduction	(162)	207	(1,317)
Difference in methods for reporting interest	1,553	562	694
Losses not subject to benefit	(5,611)	--	--
Other	2,375	335	934
Deferred income tax benefit	$ 2,994	$ 8,806	$ 9,996

</TABLE>

7. DEFERRED COMPENSATION

The Company has adopted a deferred compensation plan (the "SAR Plan") as part of its overall executive compensation program to attract, motivate and retain key employee-owners. As of September 30, 1993, 5,873,582 SAR Plan units, each exchangeable for one share of Holdings Common Stock or redeemable for cash or other property under certain circumstances, were held by certain key employee-owners and former employee-owners. During fiscal 1993, 1992 and 1991, 309,500, 1,481,065, and 1,002,000 SAR Plan units were granted and 427,800, 218,000, and 243,000 SAR Plan units were cancelled, respectively. The outstanding SAR Plan units vest in varying amounts at varying periods not exceeding five years beginning on each respective grant date. A maximum of 6,587,565 SAR Plan units, reduced by all units redeemed, may be

outstanding at any time. During fiscal 1993, 1992 and 1991, the Company accrued SAR Plan compensation expense of $4,249,000, $11,805,000, and $8,135,000, respectively.

During fiscal 1993, 123,417 SAR Plan units were redeemed for $974,994 in cash ($7.90 per unit) and 3,125 units were redeemed for $25,000 in cash ($8.00 per unit); in October 1993, 121,874 SAR Plan units were redeemed for $974,996 in cash ($8.00 per unit).

During fiscal 1992, 129,998 SAR Plan units were redeemed for $974,985 in cash ($7.50 per unit) and 3,164 SAR Plan units were redeemed for $24,996 in cash ($7.90 per unit).

8. COMMON STOCK OPTIONS

On December 14, 1988, the Company adopted the EPIC Healthcare Group, Inc. Stock Option Plan (the "Stock Option Plan"). Under the Stock Option Plan, the Board of Directors is authorized to grant options to EPIC directors, officers

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and salaried employee-owners to purchase up to 500,000 shares of Holdings Common Stock. Options granted vest in five equal annual installments. No options were granted during fiscal 1993, 1992 or 1991. At September 30, 1993, options for 32,000 shares were exercisable.

9. COMMON STOCK AND COMMON STOCK WARRANTS

The Company sold 24,500,000 shares of EPIC Common Stock to the EPIC ESOP on September 30, 1988. Since that time through the Merger, 69,445 shares were distributed to participants in the EPIC ESOP, of which 66,684 shares were repurchased by the Company. In addition, immediately prior to the Merger, 6,306,395 of warrants outstanding were exercised for 63,064 shares of EPIC Common Stock. Pursuant to the Merger, each share of EPIC Common Stock was converted to Holdings Common Stock and the Company issued 1,000 shares of EPIC Common Stock to Holdings.

10. LOSS PER COMMON SHARE

Because EPIC is a wholly-owned subsidiary of Holdings, loss per common share is not meaningful and, therefore, is not presented.

11. PROFESSIONAL AND GENERAL LIABILITY RISKS

The Company is self-insured for its professional and general liability risks. As of September 30, 1993, the unfunded reserve for this self insurance was $45,130,000 of which $11,000,000 was included in current liabilities. The Company has funded $12,482,000 of the reserves through a wholly-owned captive insurance company at September 30, 1993. The reserves for losses and related expenses are discounted to their present value based on expected loss reporting patterns determined by independent actuaries using a rate of 9%. AMI has retained the liability for all professional liability claims with a date of occurrence prior to October 1, 1988.

12. RELATED PARTY TRANSACTIONS

EPIC and AMI entered into an interest rate cap agreement (the "Senior Interest Cap Agreement") whereby AMI agreed to pay to EPIC the amounts by which EPIC's interest costs under certain tranches of indebtedness exceeded, during each of the three fiscal years after September 30, 1988, certain specified rates, net of the effect of any reimbursement to EPIC by Medicare, Medicaid, or Blue Cross for any interest expense incurred by EPIC in excess of such rates in connection with such loans.

On August 28, 1991, EPIC and AMI agreed that it was mutually in their best interest to terminate the Senior Interest Cap Agreement prior to its scheduled expiration of October 1, 1991. EPIC and AMI further agreed that each party had fully performed all of its obligations under the Senior Interest Cap Agreement and each party released the other from future obligations thereunder.

Pursuant to the terms of the Senior Interest Cap Agreement, EPIC issued Additional Zero Coupon Notes to AMI in the principal amounts of $1,612,000 and $2,844,000 during fiscal 1990 and 1989, respectively, in exchange for cash of a like amount paid to EPIC by AMI during such years. In fiscal 1991, EPIC paid to AMI $2,864,000 and issued Additional Zero Coupon Notes to AMI with a present value of $626,000 in exchange for the cancellation of the Zero Coupon Notes issued in 1989. AMI has sold their interest in the Additional Zero Coupon Notes. Net interest expense of $839,000 was recognized during fiscal 1991 relating to this agreement.

The Company and AMI have entered into certain other agreements, including a registration rights agreement pursuant to which EPIC has agreed to register the securities issued to AMI under the Securities Act of 1933. AMI has also agreed to indemnify the Company against certain liabilities associated with the breach of representations and warrants made by AMI, certain tax liabilities that may arise, certain reimbursements still pending related to the Acquisitions, and certain fees, costs, and expenses.

During fiscal 1993, AMI reimbursed $1,621,000 relating to AMI's indemnifications of EPIC for certain intermediary adjustments to reimburse costs relating to cost report years that preceded the formation of EPIC.

The Company entered into a three year group purchasing agreement, effective September 1, 1993, with a subsidiary of AMI, which allows the Company to purchase supplies at lower group rates. The Company expects to purchase more than $30,000,000 per year of supplies under the terms of the agreement. The

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Company will pay $180,000 per year to participate in this program.

David R. Belle-Isle, a former officer of EPIC, borrowed $181,000 from EPIC in December 1988 in connection with his relocation to Texas. The loan was interest free until it was restructured in October 1990. Effective as of the 30th day of September 1991, this debt, totalling $160,000, was forgiven. The Company reimbursed Mr. Belle-Isle for the tax liability associated with the forgiveness of the loan.

The Company has a consulting agreement with The Elder Group, of which Thomas H. Elder, who formerly served as the Company's Management Services Officer, is the Managing Principal. The Company paid The Elder Group approximately $1,300,000 and $1,000,000 in fiscal 1992 and 1991, respectively.

The Company has an investment in the preferred stock of the Compucare Company ("Compucare"), who is developing and installing one of the Company's new information systems. The chief executive officer of the Company is on the board of directors of Compucare. Payments to Compucare for fiscal 1993 totalled $5,651,000.

13. FAIR VALUES OF FINANCIAL INSTRUMENTS

SFAS No. 107, "Disclosures About Fair Value of Financial Instruments", requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. SFAS No. 107 excluded certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company. The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments.

Cash Equivalents, Cash Restricted for Interest Payments, and Marketable Securities

The carrying amounts reported in the consolidated balance sheets for cash equivalents, cash restricted for interest payments, and marketable interest bearing securities approximates their fair values.

Long-Term Debt (Including Current Maturities)

The fair values of the Company's long-term debt, except the Class B-1 and B-2 First Priority Mortgage Notes, are estimated using quoted market prices or the call price. The fair values of the Class B-1 and B-2 First Priority Mortgage Notes are estimated using discounted cash flow analysis, based on the Company's incremental borrowing rate for similar types of borrowing arrangements.

The carrying amounts and estimated fair values of the Company's financial instruments at September 30, 1993 are as follows (in thousands):

	CARRYING AMOUNT	FAIR VALUE
Cash equivalents, cash restricted for interest payments, and marketable securities	$107,923	$107,923
Long-term debt	560,322	605,131

14. EXTRAORDINARY ITEMS

Extraordinary items of $21,299,000 ($21,960,000, net of income tax benefit of $661,000) in 1993, $1,265,000 ($1,917,000, net of income tax benefit of $652,000) in 1992 and $2,581,000 ($3,911,000, net of income tax benefit of $1,330,000) in 1991 were primarily due to the write-offs of loan issue costs and unamortized discounts on retirements of long-term debt (see Note 5).

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15. SUPPLEMENTARY INCOME STATEMENT INFORMATION

Maintenance and repair expense was $17,101,000, $17,564,000, and $16,159,000 for fiscal 1993, 1992 and 1991, respectively.

16. CONTINGENCIES

Final determination of amounts earned under prospective payment and cost-reimbursement programs is subject to review by appropriate governmental authorities or their agents. In the opinion of management, adequate provision has been made for any adjustments that could result from such reviews.

The Company is currently, and from time to time expects to be, subject to claims and suits arising in the ordinary course of business. In the opinion of management, the ultimate resolution of such matters will not have a material effect on the Company's results of operations, financial position, or liquidity. Pursuant to the terms of the Acquisitions, claims relating to litigation, medical benefits, and workers' compensation occurring prior to October 1, 1988, remain the obligation of AMI.

17. GUARANTOR SUBSIDIARIES

Certain subsidiaries of EPIC (the "Guarantor Subsidiaries") guarantee the loans under the Amended Credit Agreement, Zero Coupon Notes, Additional Zero Coupon Notes, 11.875% Senior ESOP Notes, 10.875% Senior Subordinated Notes, 15% Senior Subordinated Notes and 11% Junior Subordinated Pay-In-Kind Notes. Certain other subsidiaries, including EPIC Properties, are not Guarantor Subsidiaries (the "Nonguarantor Subsidiaries") (see Note 5). All equity interests in the Nonguarantor Subsidiaries, other than those held by minority interests, are held by EPIC.

Following is condensed consolidating financial information of EPIC, the Guarantor Subsidiaries, EPIC Properties and the other Nonguarantor Subsidiaries:

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEETS
SEPTEMBER 30, 1993
(DOLLARS IN THOUSANDS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ASSETS

<TABLE>
<CAPTION>

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CURRENT ASSETS						
Cash and cash equivalents..............	$ 8,944	$ 40,846	$ 2,062	$ 4,904	$ --	$ 56,756
Cash restricted for interest payment....	--	--	3,820	--	--	3,820
Marketable securities..................	--	35,972	--	11,375	--	47,347
Accounts receivable, net................	474	56,000	1,071	21,321	(1,909)	76,957
Supply inventories......................	--	16,589	--	4,098	--	20,687
Prepaid expenses and other..............	777	2,714	--	1,083	--	4,574
Receivables from affiliates............	156,437	29,013	--	13,663	(199,113)	--
TOTAL CURRENT ASSETS.............	166,632	181,134	6,953	56,444	(201,022)	210,141
PROPERTY AND EQUIPMENT....................	--	264,044	444,673	78,081	--	786,798
ACCUMULATED DEPRECIATION AND AMORTIZATION...........................	--	(50,548)	(140,665)	(27,533)	--	(218,746)
	--	213,496	304,008	50,548	--	568,052
INVESTMENTS IN SUBSIDIARIES..............	64,684	109,474	--	--	(174,158)	--
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net..........................	--	38,577	--	14,388	--	52,965
OTHER ASSETS, net........................	12,440	89,314	936	2,529	(71,401)	33,818
RECEIVABLES FROM AFFILIATES..............	297,673	--	--	--	(297,673)	--
TOTAL ASSETS.....................	$ 541,429	$631,995	$ 311,897	$123,909	$ (744,254)	$ 864,976

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LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES						
Current maturities of long-term debt....	$ 45,333	$ 643	$ 1,020	$ 918	$ --	$ 47,914
Accounts payable........................	236	39,225	(65)	5,450	(236)	44,610
Accrued liabilities.....................	9,294	64,070	5,624	10,216	(1,673)	87,531
Payables to affiliates..................	--	164,963	--	34,150	(199,113)	--
TOTAL CURRENT LIABILITIES.........	54,863	268,901	6,579	50,734	(201,022)	180,055
LONG-TERM DEBT..........................	321,895	8,948	241,927	11,039	(71,401)	512,408
DEFERRED INCOME TAXES...................	5,994	--	--	--	--	5,994
RESERVE FOR PROFESSIONAL LIABILITY RISKS................................	--	34,053	--	11,206	1,353	46,612
OTHER DEFERRED LIABILITIES..............	--	41,258	--	1,192	--	42,450
MINORITY INTERESTS......................	--	4,947	--	525	--	5,472
PAYABLES TO AFFILIATES..................	--	297,673	--	--	(297,673)	--
STOCKHOLDERS' EQUITY (DEFICIT)						
Common stock..........................	--	--	1	--	(1)	--
Paid-in capital.......................	373,838	61,855	111,604	5,434	(178,893)	373,838
Notes receivable from EPIC ESOP.........	(100,000)	--	(48,214)	--	--	(148,214)
Retained earnings (deficit)............	(115,161)	(85,640)	--	43,779	3,383	(153,639)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)......................	158,677	(23,785)	63,391	49,213	(175,511)	71,985
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)......................	$ 541,429	$631,995	$ 311,897	$123,909	$ (744,254)	$ 864,976

</TABLE>

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEETS
SEPTEMBER 30, 1992
(DOLLARS IN THOUSANDS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ASSETS

<TABLE>
<CAPTION>

<S>	EPIC HEALTHCARE GROUP, INC. <C>	GUARANTOR SUBSIDIARIES <C>	EPIC PROPERTIES <C>	OTHER NONGUARANTOR SUBSIDIARIES <C>	ELIMINATIONS <C>	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES <C>
CURRENT ASSETS						
Cash and cash equivalents.............	$ 86	$ 22,381	$ 4,506	$ 5,668	$ --	$ 32,641
Cash restricted for interest payment...	--	--	5,768	--	--	5,768
Marketable securities.................	--	4,468	--	6,139	--	10,607
Accounts receivable, net..............	352	35,530	1,455	38,601	(2,540)	73,398
Supply inventories....................	--	15,345	--	4,655	--	20,000
Prepaid expenses and other............	240	8,447	259	826	(4,550)	5,222
Receivables from affiliates...........	132,015	26,543	--	12,023	(170,581)	--
TOTAL CURRENT ASSETS............	132,693	112,714	11,988	67,912	(177,671)	147,636
PROPERTY AND EQUIPMENT..................	--	185,431	450,259	74,794	--	710,484
ACCUMULATED DEPRECIATION AND AMORTIZATION..........................	--	(34,377)	(116,355)	(23,057)	--	(173,789)
	--	151,054	333,904	51,737	--	536,695
INVESTMENTS IN SUBSIDIARIES.............	66,219	146,521	--	11,502	(224,242)	--
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net.........................	--	35,576	--	12,564	--	48,140
OTHER ASSETS, net.......................	21,387	77,466	1,102	4,362	(66,002)	38,315
RECEIVABLES FROM AFFILIATES.............	229,544	12,113	--	--	(241,657)	--
TOTAL ASSETS....................	$ 449,843	$535,444	$ 346,994	$148,077	$ (709,572)	$ 770,786

LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)

CURRENT LIABILITIES

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Current maturities of long-term debt...	$ --	$ 597	$ 1,018	$ 715	$ --	$ 2,330
Accounts payable......................	--	29,440	260	5,350	(241)	34,809
Accrued liabilities...................	4,323	53,190	10,016	13,152	(6,849)	73,832
Payables to affiliates................	--	140,007	--	30,574	(170,581)	--
TOTAL CURRENT LIABILITIES........	4,323	223,234	11,294	49,791	(177,671)	110,971
LONG-TERM DEBT..........................	274,018	9,363	242,803	10,553	(66,002)	470,735
DEFERRED INCOME TAXES...................	8,988	--	--	--	--	8,988
RESERVE FOR PROFESSIONAL LIABILITY RISKS................................	--	32,095	--	6,749	796	39,640
OTHER DEFERRED LIABILITIES..............	--	37,492	--	2,115	--	39,607
MINORITY INTERESTS......................	--	3,847	--	19,647	23,494	--
PAYABLES TO AFFILIATES..................	--	199,942	--	41,715	(241,657)	--
STOCKHOLDER'S EQUITY (DEFICIT)						
Common stock..........................	--	--	1	--	(1)	--
Paid-in capital.......................	374,860	51,853	159,351	13,037	(224,241)	374,860
Notes receivable from EPIC ESOP........	(100,000)	--	(68,929)	--	--	(168,929)
Retained earnings (deficit)...........	(112,346)	(22,382)	2,474	4,470	(796)	(128,580)
TOTAL STOCKHOLDER'S EQUITY (DEFICIT).....................	162,514	29,471	92,897	17,507	(225,038)	77,351
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT).....................	$ 449,843	$535,444	$ 346,994	$148,077	$ (709,572)	$ 770,786

</TABLE>

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 1993
(DOLLARS IN THOUSANDS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

<TABLE>
<CAPTION>

<S>	EPIC HEALTHCARE GROUP, INC. <C>	GUARANTOR SUBSIDIARIES <C>	EPIC PROPERTIES <C>	OTHER NONGUARANTOR SUBSIDIARIES <C>	ELIMINATIONS <C>	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES <C>
NET OPERATING REVENUE...................	$ --	$792,442	$ 54,596	$237,072	$ (64,961)	$1,019,149
COSTS AND EXPENSES:						
Operating expenses....................	269	747,344	482	214,040	(64,080)	898,055
Depreciation and amortization.........	1,618	21,289	27,602	7,733	(325)	57,917
Interest expense......................	48,089	68,744	27,778	3,230	(76,907)	70,934
TOTAL COSTS AND EXPENSES.........	49,976	837,377	55,862	225,003	(141,312)	1,026,906
INTEREST INCOME.........................	66,148	10,165	3,528	693	(76,907)	3,627
GAIN (LOSS) ON SALE OF ASSETS...........	--	3,524	1	(4)	--	3,521
INCOME (LOSS) BEFORE INCOME TAX BENEFIT (EXPENSE), MINORITY INTERESTS AND EXTRAORDINARY ITEM.....................	16,172	(31,246)	2,263	12,758	(556)	(609)
INCOME TAX BENEFIT (EXPENSE), net........	2,207	(1,910)	--	(54)	--	243
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES (net of income tax benefit)...................	105	(2,659)	--	(840)	--	(3,394)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM.................................	18,484	(35,815)	2,263	11,864	(556)	(3,760)
EXTRAORDINARY ITEM (net of income tax benefit)..............................	(21,299)	--	--	--	--	(21,299)
NET INCOME (LOSS).......................	$ (2,815)	$(35,815)	$ 2,263	$ 11,864	$ (556)	$ (25,059)

</TABLE>

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EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 1992
(DOLLARS IN THOUSANDS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

<TABLE>
<CAPTION>

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET OPERATING REVENUE....................	$ --	$700,752	$ 54,596	$254,183	$ (68,265)	$941,266
COSTS AND EXPENSES:						
Operating expenses.....................	557	675,277	425	233,876	(67,856)	842,279
Depreciation and amortization..........	1,627	15,021	30,132	6,233	--	53,013
Interest expense.......................	47,501	62,796	27,864	10,124	(77,285)	71,000
TOTAL COSTS AND EXPENSES.........	49,685	753,094	58,421	250,233	(145,141)	966,292
INTEREST INCOME..........................	65,453	9,815	5,609	617	(77,672)	3,822
GAIN (LOSS) ON SALE OF ASSETS............	--	(972)	(151)	--	--	(1,123)
INCOME (LOSS) BEFORE INCOME TAX BENEFIT (EXPENSE), MINORITY INTERESTS AND EXTRAORDINARY ITEM.....................	15,768	(43,499)	1,633	4,567	(796)	(22,327)
INCOME TAX BENEFIT (EXPENSE), net........	7,146	(888)	--	--	--	6,258
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES (net of income tax benefit)...................	1,008	(473)	--	(2,493)	--	(1,958)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM..................................	23,922	(44,860)	1,633	2,074	(796)	(18,027)
EXTRAORDINARY ITEM (net of income tax benefit).............................	(1,265)	--	--	--	--	(1,265)
NET INCOME (LOSS)........................	$ 22,657	$(44,860)	$ 1,633	$ 2,074	$ (796)	$(19,292)

</TABLE>

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 1991
(DOLLARS IN THOUSANDS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

<TABLE>
<CAPTION>

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET OPERATING REVENUE....................	$ --	$633,401	$ 9,394	$173,480	$(13,586)	$802,689
COSTS AND EXPENSES:						
Operating expenses.....................	146	570,706	--	157,191	(13,586)	714,457
Depreciation and amortization..........	1,627	36,272	4,953	6,502	--	49,354
Interest expense.......................	59,387	63,096	4,860	5,942	(65,019)	68,266
TOTAL COSTS AND EXPENSES.........	61,160	670,074	9,813	169,635	(78,605)	832,077
INTEREST INCOME..........................	64,014	4,931	1,260	219	(65,019)	5,405
GAIN (LOSS) ON SALE OF ASSETS............	--	105	1	(649)	--	(543)
INCOME (LOSS) BEFORE INCOME TAX BENEFIT, MINORITY INTERESTS AND EXTRAORDINARY ITEM..................................	2,854	(31,637)	842	3,415	--	(24,526)
INCOME TAX BENEFIT.......................	7,603	--	--	--	--	7,603
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES (net of income tax benefit)...................	1,069	(1,366)	--	(1,767)	--	(2,064)

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INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	11,526	(33,003)	842	1,648	--	(18,987)
EXTRAORDINARY ITEM (net of income tax benefit)	(2,581)	--	--	--	--	(2,581)
NET INCOME (LOSS)	$ 8,945	$(33,003)	$ 842	$ 1,648	$ --	$(21,568)

</TABLE>

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1993
(DOLLARS IN THOUSANDS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

<TABLE>
<CAPTION>

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net cash provided by (used in) operating activities	$ (46,950)	$125,482	$ 28,428	$ 12,273	$ --	$119,233
INVESTING ACTIVITIES						
Investments in marketable securities, net	--	(31,504)	--	(5,236)	--	(36,740)
Cash paid for acquisitions	--	(50,835)	--	(3,701)	--	(54,536)
Additions to property and equipment	--	(57,957)	(6,432)	(2,827)	6,432	(60,784)
Proceeds from sale of assets	--	31,580	--	--	(6,432)	25,148
Collection on note receivable	--	9,349	--	--	--	9,349
Principal collected on note receivable from EPIC ESOP	--	--	20,715	--	(20,715)	--
Other	--	(5,925)	--	--	--	(5,925)
Net cash provided by (used in) investing activities	--	(105,292)	14,283	(11,764)	(20,715)	(123,488)
FINANCING ACTIVITIES						
Payments on debt obligations	(115,180)	(498)	(1,018)	(1,069)	--	(117,765)
Proceeds from long-term borrowings	179,500	1,353	--	--	--	180,853
Purchase of Senior ESOP Notes	--	(5,616)	--	--	--	(5,616)
Dividends paid to EPIC Holdings	(1,022)	--	--	--	--	(1,022)
Contribution to EPIC ESOP	--	(20,715)	--	--	20,715	--
Dividends and capital distributions received from EPIC Properties	--	44,137	--	--	(44,137)	--
Dividends and capital distributions paid by EPIC Properties	--	--	(44,137)	--	44,137	--
Contributions from minority interests	--	520	--	--	--	520
Distributions and dividends to minority interests	--	(20,906)	--	(204)	--	(21,110)
Payment of debt issue costs and other, net	(7,490)	--	--	--	--	(7,490)
Net cash provided by (used in) financing activities	55,808	(1,725)	(45,155)	(1,273)	20,715	28,370
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,858	18,465	(2,444)	(764)	--	24,115
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	86	22,381	4,506	5,668	--	32,641
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,944	$ 40,846	$ 2,062	$ 4,904	$ --	$ 56,756

</TABLE>

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1992
(DOLLARS IN THOUSANDS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES
Net cash provided by (used in) operating activities	$ 9,427	$ (3,682)	$ 34,846	$ 17,321	$ --	$ 57,912
INVESTING ACTIVITIES						
Investments in marketable securities, net	--	11,306	--	(6,139)	--	5,167
Cash paid for acquisitions	--	(9,903)	--	(2,366)	--	(12,269)
Additions to property and equipment	--	(31,503)	(9,764)	(6,583)	--	(47,850)
Purchase of investment securities	(4,180)	--	--	--	--	(4,180)
Principal collected on note receivable from EPIC ESOP	--	--	20,714	--	(20,714)	--
Other	612	(2,704)	236	--	--	(1,856)
Net cash provided by (used in) investing activities	(3,568)	(32,804)	11,186	(15,088)	(20,714)	(60,988)
FINANCING ACTIVITIES						
Payments on debt obligations	--	(76)	(516)	(1,011)	--	(1,603)
Purchase of Senior ESOP Notes	--	(20,293)	--	--	--	(20,293)
Contribution to EPIC ESOP	--	(20,714)	--	--	20,714	--
Dividends paid to EPIC Holdings	(1,300)	--	--	--	--	(1,300)
Dividends and capital distributions received from EPIC Properties	--	54,519	--	2,844	(57,363)	--
Dividends and capital distributions paid by EPIC Properties	--	--	(57,363)	--	57,363	--
Preferred stock transaction costs	(7,063)	--	--	--	--	(7,063)
Contributions from minority interests	--	--	--	1,884	--	1,884
Distributions and dividends to minority interests	--	(335)	--	(3,730)	--	(4,065)
Contribution to subsidiary	(1,500)	--	--	--	1,500	--
Issuance of capital stock by subsidiary	--	--	--	1,500	(1,500)	--
Payment of debt issue costs and other, net	(294)	(236)	(132)	--	--	(662)
Net cash provided by (used in) financing activities	(10,157)	12,865	(58,011)	1,487	20,714	(33,102)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,298)	(23,621)	(11,979)	3,720	--	(36,178)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,384	46,002	16,485	1,948	--	68,819
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 86	$ 22,381	$ 4,506	$ 5,668	$ --	$ 32,641

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1991
(DOLLARS IN THOUSANDS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	EPIC HEALTHCARE GROUP, INC.	GUARANTOR SUBSIDIARIES	EPIC PROPERTIES	OTHER NONGUARANTOR SUBSIDIARIES	ELIMINATIONS	EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

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<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net cash provided by (used in) operating activities	$ (3,274)	$ 68,299	$ 6,128	$ 7,807	$ --	$ 78,960
INVESTING ACTIVITIES						
Investments in marketable securities, net	--	(12,091)	--	--	--	(12,091)
Additions to property and equipment	--	(23,002)	(198,868)	(2,644)	198,868	(25,646)
Proceeds from sales of assets	--	199,190	--	39	(198,868)	361
Principal collected on note receivable from EPIC ESOP	12,717	--	10,357	--	(23,074)	--
Principal collected on intercompany note receivable	41,041	--	--	--	(41,041)	--
Other	(48)	--	--	--	--	(48)
Net cash provided by (used in) investing activities	53,710	164,097	(188,511)	(2,605)	(64,115)	(37,424)
FINANCING ACTIVITIES						
Payments on debt obligations	(244,761)	(4,550)	--	(1,336)	--	(250,647)
Principal payments on intercompany notes payable	--	(41,041)	--	--	41,041	--
Proceeds from long-term borrowings	29,000	--	198,868	--	--	227,868
Contribution to EPIC ESOP	--	(23,074)	--	--	23,074	--
Intercompany dividends	153,308	(153,308)	--	--	--	--
Contributions from minority interests	--	--	--	556	--	556
Distributions and dividends to minority interests	--	--	--	(4,122)	--	(4,122)
Payment of debt issue costs and other, net	(10,473)	--	--	(1,290)	--	(11,763)
Net cash provided by (used in) financing activities	(72,926)	(221,973)	198,868	(6,192)	64,115	(38,108)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,490)	10,423	16,485	(990)	--	3,428
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	26,874	35,579	--	2,938	--	65,391
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,384	$ 46,002	$ 16,485	$ 1,948	$ --	$ 68,819

</TABLE>

EPIC HEALTHCARE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The subsidiaries comprising the Guarantor Subsidiaries change from year to year due to new and/or revised agreements relating to the various subsidiaries of the Company. As a result, the investment in subsidiaries is presented on the cost basis.

Intercompany receivables/payables relate to cash transfers between entities on collection of accounts receivable and payment of accounts payable and are included in cash flows provided by (used in) operating activities. Cash flows from operating, financing, and investing activities for each subsidiary are presented in the consolidating statement of cash flows based on that subsidiary's designation as a guarantor or nonguarantor subsidiary at the end of the period.

Deferred income taxes and deferred income tax benefit are recorded in the accounts of EPIC Healthcare Group, Inc. and are not allocated to the subsidiaries. SFAS No. 109, "Accounting for Income Taxes," requires that the consolidated amount of current and deferred tax expense for a group that files a consolidated tax return shall be allocated among the members of the group when those members issue separate financial statements on a basis consistent with SFAS No. 109. The Company will adopt SFAS No. 109, including allocation of taxes within the consolidating financial statements, effective October 1, 1993.

Certain prior period amounts have been reclassified or restated for intercompany transactions to conform with the fiscal 1993 presentation. In addition, certain amounts have been reclassified for a change made in the fourth quarter of 1992 in the method of allocating interest income from the EPIC ESOP for intercompany purposes.

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6,220,404 SHARES

(LOGO) HEALTHTRUST INC.
The Hospital Company

COMMON STOCK

PROSPECTUS

MERRILL LYNCH & CO.

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

APRIL 28, 1994

APPENDIX A

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Graphic and Image Material

The inside front cover of the Prospectus contains a map of the United States marked to indicate the locations of the hospitals operated by each of Healthtrust, Inc. - The Hospital Company and EPIC Holdings, Inc. See "Properties" for a list of the names and locations of such hospitals.

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EXHIBIT 99.3

AMENDMENT TO CREDIT AGREEMENT

This Amendment to Credit Agreement, dated as of March 31, 1994 (this Amendment"), is made with reference to the Credit Agreement, dated as of September 29, 1992 (the "Credit Agreement") by and among HEALTHTRUST, INC. -- THE HOSPITAL COMPANY, a Delaware corporation (the "Borrower"), the various financial institutions parties thereto (collectively, the "Lenders"), THE BANK OF NOVA SCOTIA ("Scotiabank") and ABN-AMRO BANK N.V., BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, THE CHASE MANHATTAN BANK, N.A., CITIBANK, N.A., CONTINENTAL BANK N.A., DEUTSCHE BANK AG, LTCB TRUST COMPANY, SWISS BANK CORPORATION, and THE TORONTO-DOMINION BANK, as co-agents (the "Co-Agents") for the Lenders, and Scotiabank, as administrative agent (in such capacity, the "Administrative Agent") for the Co-Agents and the Lenders.

In consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

SECTION 2. Representations and Warranties. In order to induce the Lenders, the Co-Agents and the Administrative Agent to enter into this Amendment, the Borrower hereby covenants, represents and warrants that after giving effect to this Amendment:

(a) No Default or Event of Default will exist under the Credit Agreement or any other Loan Document;

(b) All representations and warranties of the Borrower contained in the Credit Agreement and the other Loan Documents will be true and correct in all material respects except to the extent such representations and warranties specifically relate to an earlier date, in which case they will be true and correct in all material respects as of such earlier date; and

(c) The Borrower will be in compliance with, and will thereafter continue to be in compliance with, all agreements, affirmative covenants and negative covenants

contained in the Credit Agreement and the other Loan Documents.

SECTION 3. Amendment. At the request of the Borrower, the undersigned Co-Agents, Administrative Agent and the undersigned Lenders, constituting Required Lenders, hereby amend clause (a) of the definition of "Cash Flow Coverage Ratio" by adding the following proviso to the end thereof:

"provided, however, that there shall be excluded from the computation of Cash Flow (for purposes of this definition only) Capital Expenditures in an amount not to exceed $53,000,000 made in respect of the acquisition of the Nashville Memorial Hospital located in or near Madison, Tennessee;"

SECTION 4. Reference to and Effect on the Credit Agreement and the Other Loan Documents.

(a) Except as specifically provided in this Amendment, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed.

(b) Without limiting the generality of the provisions of Section 10.1 of the Credit Agreement, this Amendment does not constitute, nor should it be construed as, a waiver of compliance by the Borrower with respect to any other term, provision or condition of the Credit Agreement or any other instrument or agreement referred to therein.

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(c) The execution, delivery and performance of this Amendment shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Administrative Agent, any Co-Agent or any Lender under, the Credit Agreement or any of the other Loan Documents.

SECTION 5. Counterparts. Multiple originals of this Amendment may be executed in counterparts, all of which taken together shall constitute but a single document. Signature pages may be detached from the counterpart documents and reassembled to form duplicate executed originals.

SECTION 6. Effectiveness. This Amendment shall be effective upon execution and delivery of this Amendment by the Borrower and the Required Lenders and receipt by the Administrative Agent of written or telephonic notification of such execution and authorization of delivery thereof.

SECTION 7. Applicable Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO AND ALL OTHER ASPECTS HEREOF SHALL BE DEEMED TO BE MADE UNDER, SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their authorized agents or representatives as of the date first above written.

HEALTHTRUST, INC. -- THE HOSPITAL COMPANY

By:

Title:

THE BANK OF NOVA SCOTIA, as Administrative Agent, Co-Agent and Lender

By:

Title:

ABN-AMRO BANK N.V.,
as Co-Agent and Lender

By:

Title:

By:

Title:

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Co-Agent

By:

Title:

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Lender

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By:

Title:

THE CHASE MANHATTAN BANK, N.A.,
as Co-Agent and Lender

By:

Title:

CITIBANK, N.A., as Co-Agent and Lender

By:

Title:

CONTINENTAL BANK N.A., as Co-Agent
and Lender

By:

Title:

DEUTSCHE BANK AG, New York and/or
Cayman Islands Branch, as Co-Agent
and Lender

By:

Title:

By:

Title:

LTCB TRUST COMPANY, as Co-Agent
and Lender

By:

Title:

SWISS BANK CORPORATION, as Co-Agent
and Lender

By:

Title:

By:

Title:

THE TORONTO-DOMINION BANK, as Co-
Agent and Lender

By:

Title:

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BANK OF CALIFORNIA, N.A.

By:

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CHEMICAL BANK

By:

Title:

SHAWMUT BANK CONNECTICUT, N.A.

By:

Title:

CREDITANSTALT BANKVEREIN

By:

Title:

By:

Title:

THE DAIWA BANK, LIMITED

By:

Title:

By:

Title:

DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCH

By:

Title:

By:

Title:

FIRST AMERICAN NATIONAL BANK

By:

Title:

THE FIRST NATIONAL BANK OF BOSTON

By:

Title:

FIRST UNION NATIONAL BANK OF NORTH
CAROLINA

By:

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Title:

THE INDUSTRIAL BANK OF JAPAN, LIMITED

By:

Title:

MIDLAND BANK plc, NEW YORK BRANCH

By:

Title:

MITSUI LEASING (U.S.A.) INC.

By:

Title:

NATIONSBANK

By:

Title:

PNC BANK

By:

Title:

THE SAKURA BANK, LIMITED

By:

Title:

SUMITOMO BANK, LTD.

By:

Title:

THIRD NATIONAL BANK IN NASHVILLE

By:

Title:

UNITED STATES NATIONAL BANK OF OREGON

By:

Title:

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[EXECUTION COPY]

AMENDMENT NO. 2 TO CREDIT AGREEMENT

This AMENDATORY AGREEMENT, dated as of May 4, 1994, to the Credit Agreement, dated as of September 29, 1992 (as amended by the Amendment, dated March 31, 1994 thereto, the "Existing Credit Agreement") by and among HEALTHTRUST, INC. - THE HOSPITAL COMPANY, a Delaware corporation (the "Borrower"), the various financial institutions parties thereto (collectively, the "Lenders"), THE BANK OF NOVA SCOTIA ("Scotiabank") and ABN AMRO BANK N.V., BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, THE CHASE MANHATTAN BANK, N.A., CITIBANK, N.A., CONTINENTAL BANK N.A., DEUTSCHE BANK AG, LTCB TRUST COMPANY, SWISS BANK CORPORATION, and THE TORONTO-DOMINION BANK, as co-agents (the "Co-Agents") for the Lenders, and Scotiabank, as administrative agent (in such capacity, the "Administrative Agent") for the Co-Agents and the Lenders.

WITNESSETH:

WHEREAS, the Borrower wishes to (a) acquire EPIC Holdings, Inc., a Delaware corporation, and its subsidiaries (collectively, "EPIC"), and contemporaneously therewith merge a wholly-owned special purpose subsidiary of the Borrower with and into EPIC, provide funds to EPIC and its subsidiaries to refinance EPIC's existing credit agreement (the "EPIC Credit Agreement") and to redeem EPIC's 11 7/8% Senior ESOP Notes due September 30, 1998 (the "Senior ESOP Notes") and permit the remaining EPIC indebtedness to remain outstanding (collectively, the "EPIC Transaction") and (b) acquire Holy Cross Hospital of Salt Lake City, Holy Cross-Jordan Valley Hospital and St. Benedict's Hospital from Holy Cross Health Services of Utah (collectively, the "Other Transactions"); and

WHEREAS, in connection with the EPIC Transaction and the Other Transactions, the Borrower will sell shares of its common stock in a registered public stock offering and will receive proceeds from the exercise of certain outstanding warrants for its common stock (the "Public Offering") and issue a new series of subordinated notes in a registered public offering (the "Note Offering"); and

WHEREAS, in connection with the EPIC Transaction, the Other Transactions, the Public Offering and the Note Offering, the Borrower desires to (a) restructure the indebtedness under the Existing Credit Agreement as a $310,000,000 revolving credit facility in accordance with the terms set forth below (the "Credit Agreement Restructuring"; the EPIC Transaction, the Other Transactions, the Public Offering, the Note Offering and the

Credit Agreement Restructuring are collectively referred to as the "Transaction"; and the Existing Credit Agreement as so restructured being the "Credit Agreement") and (b) in connection therewith obtain from Scotiabank a Revolving Loan Commitment pursuant to which Revolving Loans and Letters of Credit in a maximum aggregate amount not to exceed $310,000,000 will be made or issued, as the case may be, from time to time (provided, that of such amount, no more than $100,000,000 shall be available for the issuance of Letters of Credit); and

WHEREAS, Scotiabank is willing on the terms and conditions hereinafter set forth to extend such Revolving Loan Commitment:

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

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SECTION 1.1. Certain Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendatory Agreement, including its preamble and recitals, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Amendment No. 2" means this Amendatory Agreement.

"Amendment No. 2 Effective Date" is defined in Section 3.1.

"Borrower" is defined in the preamble.

"Co-Agents" is defined in the preamble.

"Credit Agreement" is defined in the third recital.

"Credit Agreement Restructuring" is defined in the third recital.

"EPIC" is defined in the first recital.

"EPIC Credit Agreement" is defined in the first recital.

"EPIC Transaction" is defined in the first recital.

"Existing Credit Agreement" is defined in the preamble.

"Lenders" is defined in the preamble.

"Master Assignment Agreement" means that certain Assignment Agreement, dated as of April 26, 1994, between the Lenders party to this Agreement, collectively as assignor, and Scotiabank, as assignee.

"Note Offering" is defined in the second recital.

"Other Transactions" is defined in the first recital.

"Public Offering" is defined in the second recital.

"Scotiabank" is defined in the preamble.

"Senior ESOP Notes" is defined in the first recital.

"Transactions" is defined in the third recital.

SECTION 1.2. Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendatory Agreement, including its preamble and recitals, have the meanings provided in the Existing Credit Agreement.

ARTICLE II

AMENDMENTS TO EXISTING CREDIT AGREEMENT AS OF THE AMENDMENT NO. 2 EFFECTIVE DATE

Effective on (and subject to the occurrence of) the Amendment No. 2 Effective Date, the Existing Credit Agreement is hereby amended in accordance with this Article II. Except as so amended, the Existing Credit Agreement shall continue in full force and effect.

SECTION 2.1. Amendments to the Credit Agreement.

SECTION 2.1.1. Amendments to Section 1.1. Article I of the Existing Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Existing Credit Agreement is hereby amended by inserting the following new terms in their alphabetically

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appropriate places:

"Amendment Fee Letter" means the fee letter, dated as of May 4, 1994.

"Amendment No. 2" means the Amendatory Agreement, dated as of May 4, 1994, among the parties thereto, amending this Agreement as then in effect.

"Amendment No. 2 Effective Date" is defined in Section 3.1 of Amendment No. 2.

"Borrower Effective Date Cash on Hand" means cash of the Borrower on the Amendment No. 2 Effective Date in an amount at least equal to $180,000,000 which will be used to pay in part the cash consideration of the Transaction.

"CMOs" means each of the 11 3/8% Class B-1 First Priority Mortgage Notes due 2001, the 11 1/2% Class B-2 First Priority Mortgage Notes due 1998 and the Floating Rate Class B-3 First Priority Mortgage Notes due 1998 of EPIC Properties, Inc. together with the indenture and guaranty relating thereto.

"Consent and Tender Document" means the Offer to Purchase and Consent Solicitation of EPIC, EPIC Healthcare Group, Inc. and EPIC Properties, Inc. dated March 15, 1994.

"Continuing EPIC Debt" means the 11% Junior Subordinated Pay-in-Kind Notes due 2003 and the Zero Coupon Notes due 2001 of EPIC Healthcare Group, Inc., the 10-7/8% Senior Subordinated Notes due 2003 and the 12% Senior Deferred Coupon Notes due 2002 of EPIC and the CMOs.

"EPIC" means EPIC Holdings, Inc., a Delaware corporation.

"EPIC Credit Agreement" means that certain Second Amended and Restated Credit Agreement, dated as of September 30, 1988 and Amended and Restated as of July 31, 1991 and September 1, 1993 among EPIC Healthcare Group, Inc., various lenders and General Electric Capital Corporation, as administrative agent.

"EPIC Transaction" means, collectively, (i) the acquisition of EPIC and its Subsidiaries and the contemporaneous merger of a wholly-owned special purpose subsidiary of the Borrower with and into EPIC, (ii) the provision of funds to EPIC and its Subsidiaries to refinance the EPIC Credit Agreement and to redeem the Senior ESOP Notes and (iii) the actions necessary to permit the Continuing EPIC Debt to remain outstanding.

"Existing Healthtrust Subordinated Debenture Indenture" means the Indenture, dated as of March 30, 1993 between the Borrower and The First National Bank

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of Boston, as trustee, pursuant to which the Existing Healthtrust Subordinated Debentures were issued as amended, supplemented or otherwise modified from time to time in accordance with Section 7.2.11.

"Existing Healthtrust Subordinated Debentures" means the $300,000,000 aggregate principal amount of 8-3/4% Subordinated Debentures due 2005 issued by the Borrower pursuant to the Existing Healthtrust Subordinated Debenture Indenture.

"Existing Healthtrust Subordinated Note Indenture" means the Indenture, dated as of May 1, 1992, between the Borrower and The First National Bank of Boston, as trustee, pursuant to which the Existing Healthtrust Subordinated Notes were issued as amended, supplemented or otherwise modified from time to time in accordance with Section 7.2.11.

"Existing Healthtrust Subordinated Notes" means the $500,000,000 aggregate principal amount of 10-3/4% Subordinated Notes due 2002 issued by the Borrower pursuant to the Existing Healthtrust Subordinated Note Indenture.

"Good Faith Contest" means the contest of any dispute or inquiry if (a) the dispute or inquiry is diligently contested in good faith by appropriate proceedings timely instituted; (b) adequate reserves are established with respect to the contested dispute or inquiry; (c) during the period of such contest, the enforcement of the contested item is effectively stayed and (d) the failure to pay or comply with the contested item during the period of such contest is not reasonably likely to result in a Material Adverse Effect.

"Minority Subsidiaries" means, at any time, those Subsidiaries of the Borrower (other than EPIC and its Subsidiaries) which do not individually or in the aggregate account for more than 5% of the consolidated net revenues or more than 5% of the consolidated net assets of the Borrower and its Subsidiaries (in each case as calculated on the Amendment No. 2 Effective Date and thereafter for the Borrower's most recent Fiscal Year end).

"1994 Credit Agreement" means that certain Credit Agreement, dated as of April 28, 1994, among the Borrower, certain financial institutions, the co-agents for such financial institutions and Scotiabank as the

administrative agent for such financial institutions and co-agents.

"Note Offering" means the issuance by the Borrower of the Subordinated Notes.

"Public Offering" means the issuance of Common Stock in a registered public stock offering and the receipt by the Borrower of proceeds from the exercise of certain outstanding warrants for Common Stock.

"Registration Statements" means the Borrower's Registration Statements, each on a Form S-3 as filed with the Securities and Exchange Commission in connection with the Note Offering and the Public Offering.

"Senior ESOP Notes" means the 11-7/8% Senior ESOP Notes due September 30, 1998 of EPIC Healthcare Group, Inc.

"Total Debt to EBITDA Coverage Ratio" means, as at any date of determination thereof, the ratio of (a) the total principal amount of consolidated Indebtedness of the Borrower

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and its Subsidiaries outstanding on such date of determination to (b) EBITDA for the four consecutive Fiscal Quarter period ending on or prior to such date of determination (or for such lesser number of whole Fiscal Quarters which have ended since the Amendment No. 2 Effective Date on an annualized basis).

(b) The term "Capital Expenditures is hereby amended in its entirety to read as follows:

"Capital Expenditures" means, for any period, the aggregate amount (without duplication) of all expenditures, whether paid in cash or other consideration other than Common Stock, (including the incurrence of Capitalized Lease Liabilities) of the Borrower and its Subsidiaries during such period to acquire fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures; provided, however, that there shall be excluded from Capital Expenditures (x) Investments permitted under clauses (d) and (g) of Section 7.2.5 and (y) Capital Expenditures financed with Net Equity Proceeds specifically designated for such purpose.

(c) The terms "Cash Flow" and "Cash Flow Coverage Ratio" are hereby amended to read in their entirety as follows:

"Cash Flow" means, for any Fiscal Quarter, the sum for such Fiscal Quarter of

(a) EBITDA for such Fiscal Quarter;

minus

(b) all federal, state and foreign income taxes actually paid by the Borrower and its Subsidiaries during such Fiscal Quarter;

minus

(c) the amount of Capital Expenditures for such Fiscal Quarter.

"Cash Flow Coverage Ratio" means, for any Fiscal Quarter, the ratio computed for the period of four consecutive Fiscal Quarters, ending on the close of such Fiscal Quarter (or, if less, for the period of such lesser number of whole Fiscal Quarters to have elapsed since the Closing Date of:

(a) Cash Flow for all such Fiscal Quarters; provided, however, that the amount of Capital Expenditures used in the computation of Cash Flow for the final Fiscal Quarter of 1994 shall be calculated by dividing (i) the sum of all amounts of Capital Expenditures for 1994 by (ii) 4;

to

(b) the sum for all such Fiscal Quarters of

(i) Net Interest Expense;

plus

(ii) the amount expended (other than in connection with the Transaction) by the Borrower or its Subsidiaries during such Fiscal Quarters in respect of the redemption, retirement or other acquisition of Subordinated Debt other than from the proceeds of Refunding Indebtedness or Net Equity Proceeds."

(d) The term "Commitment" is hereby amended to read in its entirety as follows:

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"Commitment" means the Revolving Loan Commitment.

(e) The term "Commitment Amount" is hereby amended to read in its entirety as follows:

"Commitment Amount" means the Revolving Loan Commitment Amount.

(f) The term "Commitment Letter" is hereby deleted in its entirety.

(g) The term "Commitment Termination Date" is hereby amended to read in its entirety as follows:

"Commitment Termination Date" means the Revolving Loan Commitment Termination Date.

(h) The term "Existing Subordinated Debt" is hereby amended in its entirety to read as follows:

"Existing Subordinated Debt" means, collectively, the Existing Healthtrust Subordinated Notes and the Existing Healthtrust Subordinated Debentures.

(i) The term "Indentures" is hereby amended in its entirety to read as follows:

"Indentures" means, collectively, the Existing Healthtrust Subordinated Note Indenture and the Existing Healthtrust Subordinated Debenture Indenture.

(j) The term "Interest Coverage Ratio" is hereby amended in its entirety to read as follows:

"Interest Coverage Ratio" means as of the last day of any Fiscal Quarter, the ratio computed for the period of four consecutive Fiscal Quarters, ending on the close of such Fiscal Quarter (or, if less, for the period of such lesser number of whole Fiscal Quarters to have elapsed since the Amendment No. 2 Effective Date) of:

(a) EBITDA for such period

to

(b) Net Interest Expense for such period.

(k) The term "Investment" is hereby amended in its entirety to read as follows:

"Investment" means (i) any investment in any Person, whether by means of share purchase, capital,

equity or similar contribution, loan, advance, time deposit or otherwise (excluding commission, travel and similar advances to officers and employees made in the ordinary course of

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business), (ii) without duplication of clause (i), becoming a party to any joint venture or partnership or (iii) without duplication of clause (i) or (ii), an acquisition (whether by purchase, lease or otherwise) of a Facility or any Person owning, leasing or managing a Facility whether through share purchase or otherwise; provided, however, that the term "Investment" shall not include the contribution of an asset which is not a Facility by the Borrower to a not-for-profit corporation or other not-for-profit entity. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the book value of such property.

(l) The term "Loan Document" is hereby amended by adding the words "and Amendment Fee Letter" after the words "Fee Letter" appearing in the eighth line of such definition.

(m) The term "Material Adverse Effect" is hereby amended in its entirety to read as follows:

"Material Adverse Effect" means a material adverse effect on (i) the business, operations, properties, assets or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, (ii) the ability of the Borrower to perform its Obligations or (iii) the ability of one or more Subsidiaries of the Borrower, which Subsidiaries, individually or in the aggregate, account for more than 5.0% of the consolidated net revenues or more than 5.0% of the consolidated net assets of the Borrower (as calculated as of the Amendment No. 2 Effective Date until August 31, 1994 and thereafter for the Borrower's most recent Fiscal Year end) to perform their respective Obligations.

(n) The term "Net Income" is hereby amended in its entirety to read as follows:

"Net Income" means, for any period, all amounts which, in accordance with GAAP, would be included as net income on the consolidated statements of income of

the Borrower and its Subsidiaries for such period; provided, however, that such amount shall exclude (i) extraordinary gains and extraordinary non-cash losses and (ii) non-cash gains and non-cash losses relating to asset sales, dispositions and write-downs.

(o) The term "Net Worth" is hereby amended in its entirety to read as follows:

"Net Worth" means, at any time, all amounts which, in accordance with GAAP, would be included under shareholders' equity on a consolidated balance sheet of the Borrower and its Subsidiaries at such time; provided, however, that if the Borrower has repurchased any of its Common Stock pursuant to clause (a)(iii) of Section 7.2.6, Net Worth shall include an amount equal to the lesser of (i) the amount of Common Stock the Borrower intends to contribute within the next twelve months pursuant to clause (a)(iii) of Section 7.2.6 to the extent that such contribution would receive recognition in accordance with GAAP if it were in fact contributed on the date of determination and (ii) 75% of the market value of the Borrower's Common Stock held in its treasury and available for any future planned contributions.

(p) The term "Reference Lenders" is hereby amended in its entirety to read as follows:

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"Reference Lenders" means, Scotiabank or such other Lender or Lenders as may be agreed to by the Borrower and the Required Lenders.

(q) The term "Revolving Loan Commitment Amount" is hereby amended in its entirety to read as follows:

"Revolving Loan Commitment Amount" means, on any date, $310,000,000; provided, however, that such amount shall be reduced from time to time pursuant to Section 2.4.

(r) The term "Revolving Loan Commitment Termination Date" is hereby amended in its entirety to read as follows:

"Revolving Loan Commitment Termination Date" means the earliest of

(a) 5:00 p.m., New York City time, on May 12, 1994, unless extended pursuant to Section 2.10;

(b) the date on which the Revolving Loan Commitment Amount is terminated in full or reduced to zero pursuant to Section 2.4; and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described in clause (b) or (c), the Revolving Loan Commitment shall terminate automatically and without any further action.

(s) The term "Solvent" is hereby amended in its entirety to read as follows:

"Solvent", as applied to any Person, means, as at the date of determination, that (i) the then fair saleable value of the property of such Person is (A) greater than the total amount of liabilities (including Contingent Liabilities) of such Person and (B) greater than the amount that will be required to pay the probable liabilities of such Person's then existing debts as they become absolute and matured, (ii) such Person's capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction and (iii) such Person does not intend to incur, or does not believe or should not reasonably believe that it will incur, debts beyond its ability to pay such debts as they become due.

(t) The term "Stated Maturity Date" is hereby amended in its entirety to read as follows:

"Stated Maturity Date" means for each Loan, May 12, 1994, except as otherwise extended upon written request pursuant to Section 2.10.

(u) The term "Subordinated Debt" is hereby amended by deleting the first clause thereof and inserting in its place the following new clause (i):

"(i) The Existing Healthtrust Subordinated Notes, the Existing Healthtrust Subordinated Debentures and the Subordinated Notes".

(v) The term "Subordinated Note Indenture" is hereby deleted in its entirety.

(w) The term "Subordinated Notes" is hereby amended in its entirety to read as follows:

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"Subordinated Notes" means the $200,000,000 aggregate principal amount of 10 1/4% Subordinated Notes issued by the Borrower pursuant to the Existing Healthtrust Subordinated Note Indenture.

(x) The terms "Applicable Discount", "Current Ratio", "Delayed Term Loan", "Delayed Term Loan Commitment", "Delayed Term Loan Commitment Amount", "Delayed Term Loan Commitment Termination Date", "Guaranteed Subordinated Debentures", "Guaranteed Subordinated Debenture Indenture", "Maximum Leverage Ratio", "Senior Subordinated Debenture Indentures", "Senior Subordinated Debenture Indenture Amendment", "Senior Subordinated Debentures", "Senior Subordinated Indenture", "Term Loan", "Term Loan Commitment", "Term Loan Commitment Amount", "Term Loan Commitment Termination Date", "Zero Guaranteed Subordinated Debenture Indenture" and "Zero Guaranteed Subordinated Debentures" are hereby deleted.

SECTION 2.1.2. Amendment to Article II. Article II of the Existing Credit Agreement is hereby amended as follows:

(a) Section 2.1.1 of the Existing Credit Agreement is hereby deleted in its entirety and replaced by the following:

"SECTION 2.1.1. Restructuring of Loans. Effective on the Amendment No. 2 Effective Date, all loans outstanding under the Existing Credit Agreement shall be restructured as Revolving Loans and the Borrower shall repay all such loans to the extent that the principal amount of such loans exceeds the Revolving Loan Commitment less the then Letter of Credit Outstandings."

(b) Section 2.1.2 of the Existing Credit Agreement is hereby deleted in its entirety and replaced by the following:

SECTION 2.1.2. [Intentionally Omitted].

(c) Section 2.1.4 of the Existing Credit Agreement is hereby amended by adding the parenthetical "(unless otherwise agreed to by the relevant Issuer)" after the phrase "Revolving Loan Commitment Termination Date" appearing therein.

(d) Sections 2.2.1 and 2.2.2 of the Existing Credit Agreement are hereby deleted in their entirety and replaced by the following:

SECTION 2.2.1. [Intentionally Omitted].

SECTION 2.2.2. [Intentionally Omitted].

(e) Clause (b) of Section 2.4 of the Existing Credit Agreement is hereby deleted in its entirety and replaced by the following:

(b) [Intentionally Omitted].

(f) Clause (c) of Section 2.4 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as set forth below:

(c) The Revolving Loan Commitment Amount shall be

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automatically terminated in full upon the date of the initial credit extension under the 1994 Credit Agreement.

(g) Section 2.6 of the Existing Credit Agreement is hereby amended by changing the dollar amount "$10,000,000" appearing therein to "$5,000,000".

(h) A new Section 2.10 is hereby added to the Existing Credit Agreement as follows:

"SECTION 2.10. Extension of Revolving Loan Commitment Termination Date. Upon at least one Business Day's prior written notice to the Administrative Agent, the Borrower may, so long as no Default has occurred and is continuing, extend the Revolving Loan Commitment Termination Date and the Stated Maturity Date to May 4, 1995."

SECTION 2.1.3. Amendment to Article III. Article III of the Existing Credit Agreement is hereby amended as follows:

(a) Section 3.1.2 of the Existing Credit Agreement is hereby deleted in its entirety and replaced by the following:

SECTION 3.1.2. [Intentionally Omitted].

(b) Section 3.1.3 of the Existing Credit Agreement is hereby deleted in its entirety and replaced by the following:

SECTION 3.1.3. [Intentionally Omitted].

(c) Section 3.1.4 of the Existing Credit Agreement is hereby amended by changing the reference to "clause (b)" in the third line of such Section to "clause (c)".

(d) Section 3.1.5 of the Existing Credit Agreement is hereby amended as follows:

(i) Clauses (a), (b) and (c) are hereby deleted and replaced by the following:

"(a) to be applied (or held by the Administrative Agent for application, as the case may be) to Obligations outstanding under the Revolving Loan Commitments with a commensurate and contemporaneous reduction of the Revolving Loan Commitments;"; and

(ii) A new last sentence shall be added thereto to read as follows:

"The Borrower shall, immediately upon the initial credit extension made under the 1994 Credit Agreement, make a mandatory prepayment of all outstanding Revolving Loans.".

(e) Section 3.2.1 of the Existing Credit Agreement is hereby amended as follows:

(i) Clauses (a) and (b) are hereby deleted and replaced by the following:

"(a) Alternate Base Rate. On that portion of such Borrowing maintained from time to time as a Base Rate Loan, equal to the sum of the Alternate Base Rate from time to time in effect plus 1/2 of 1%.

(b) LIBO Rate. On that portion maintained as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of the LIBO Rate (Reserve Adjusted) for such Interest Period plus 1 1/2%.", and

(ii) A new sentence is hereby added to the end thereof to read as set forth below:

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"All Borrowings of Revolving Loans made on or prior to the seventh Business Day after the Amendment No. 2 Effective Date shall be made as Base Rate Loans.".

(f) Clause (b) of Section 3.3.1. of the Existing Credit Agreement is hereby amended by changing the reference to "1/2 of 1%" to "3/8 of 1%".

(g) Clause (a) of Section 3.3.2 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

"(a) The Borrower agrees to pay to the Administrative Agent for the pro rata account of each Lender having a Revolving Loan Commitment (including the Issuer), a participation fee equal to 1-1/4% per annum of the Stated Amount of each Letter of Credit. Such participation fee shall accrue from the date of issuance of any Letter of Credit until the date such Letter of Credit is drawn in full or terminated, and shall be payable in arrears on each Quarterly Payment Date."

(h) Section 3.3.3 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

"SECTION 3.3.3. Fee Letter Fees. The Borrower agrees to pay the fees in the amounts and at the times set forth in the Fee Letter and the Amendment Fee Letter."

SECTION 2.1.4. Amendment to Section 5.2.1. Section 5.2.1 of the Credit Agreement is hereby amended and restated in its entirety to read as set forth below:

"SECTION 5.2.1. Compliance with Warranties, No Default, etc. Both before and after giving effect to such Credit Extension (but, if any Default of the nature referred to in Section 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds of any Borrowing) the following statements shall be true and correct as of the date of such Credit Extension:

(a) the representations and warranties set forth in Article VI shall be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided, however, that the condition precedent set forth in this clause (a) shall not be applicable to EPIC and its Subsidiaries and shall be satisfied with respect to any representation or warranty (i) made by the Borrower with respect to the Subsidiary Guaranty, (ii) made by the Borrower with respect to the

Subsidiary Pledge Agreement, or any other Collateral Document to which a Subsidiary of the Borrower is a party, or the Pledged Subsidiary Debt, and (iii) otherwise made by the Borrower with respect to a Subsidiary, unless (A) a Subsidiary or Subsidiaries of the Borrower accounting for more than 5.0% of the consolidated net revenues or more than 5.0% of the consolidated assets of the Borrower, or the Subsidiary Guaranty or Subsidiary Pledge Agreement, or such other Collateral Documents, or the Pledged Subsidiary Debt, of such a Subsidiary or Subsidiaries, are the subject of one or more materially false representations or warranties of the types described in this proviso (except that in making such determination EPIC and its Subsidiaries shall be excluded from such calculation), or (B) there otherwise exists a Material Adverse Effect in connection with one or more materially false

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representations or warranties of the types described in this proviso; and

(b) no Default shall have then occurred and be continuing.".

SECTION 2.1.5. Amendments to Article VI of the Existing Credit Agreement. Article VI of the Existing Credit Agreement is hereby amended as follows:

(a) Section 6.6 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as set forth below:

"SECTION 6.6. No Material Adverse Change. Except as has been disclosed in writing to the Administrative Agent and the Lenders prior to the Amendment No. 2 Effective Date, (i) since August 31, 1993, with respect to the Borrower or any of its Existing Subsidiaries, taken as a whole, (ii) since September 30, 1993, with respect to EPIC or any of its Subsidiaries, taken as a whole or (iii) since the Amendment No. 2 Effective Date with respect to the Borrower or any of its Subsidiaries, taken as a whole, no event has occurred which has or would cause a Material Adverse Effect.".

(b) Section 6.15 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as set forth below:

"SECTION 6.15. Status of Obligations.

(a) The incurrence by the Borrower of all Obligations hereunder and any related Hedging

Obligations, and the execution, delivery, maintenance and performance of the Subsidiary Guaranty and the Subsidiary Pledge Agreement, do not and will not violate, or constitute (with due notice or lapse of time or both) an Event of Default (as defined in any indenture relating to Subordinated Debt).

(b) The entry by the Borrower into subordination arrangements with respect to intercompany indebtedness does not and will not violate, or constitute (with due notice or lapse of time or both) a default under, any indenture pursuant to which the Subordinated Debt was issued.

(c) The incurrence and maintenance of the first priority security interests in stock and the Pledged Notes pledged to the Collateral Agent pursuant to the Pledge Agreements do not and will not violate, or constitute (with due notice or lapse of time or both) an Event of Default (as defined in the indenture related to Subordinated Debt).

(d) All Loans, when made, and all Reimbursement Obligations, when incurred, will constitute "Senior Indebtedness" and "Specified Senior Indebtedness" or similar defined terms under all indentures pursuant to which the Subordinated Debt was or will be issued. The subordination provisions of such indentures pursuant to which such Subordinated Debt was or will be issued, are or will be, as the case may be, enforceable against the holders thereof.".

(c) A new Section 6.16 is hereby added to the Existing Credit Agreement to read in its entirety to read as set forth below:

"SECTION 6.16. Environmental Warranties. Except as set forth in Item 6.12 ("Environmental Matters") of the Disclosure Schedule to the 1994 Credit Agreement:

(a) all facilities and property (including underlying groundwater) owned or leased by the Borrower or any of its Subsidiaries have been, and continue to be, owned or

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leased by the Borrower and its Subsidiaries in material compliance with all Environmental Laws except for noncompliance which, singly or in the aggregate, could not reasonably be expected to have a Material Adverse Effect or which noncompliance is the subject of a Good Faith Contest;

(b) there have been no past, and there are no pending or threatened

(i) claims, complaints, notices or requests for information received by the Borrower or any of its Subsidiaries with respect to any alleged violation of any Environmental Law which could reasonably be expected to have a Material Adverse Effect, or

(ii) complaints, notices or inquiries to the Borrower or any of its Subsidiaries regarding potential liability under any Environmental Law which could reasonably be expected to have a Material Adverse Effect;

(c) there have been no Releases of Hazardous Materials at, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect;

(d) the Borrower and its Subsidiaries have been issued and are in material compliance with all material permits, certificates, approvals, licenses and other authorizations relating to environmental matters which are necessary or desirable for their businesses;

(e) no property now or previously owned or leased by the Borrower or any of its Subsidiaries is listed or proposed for listing (with respect to owned property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up;

(f) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect;

(g) neither the Borrower nor any Subsidiary of the Borrower has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which may

lead to material claims against the Borrower or such Subsidiary thereof for any remedial work, damage to natural

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resources or personal injury, including claims under CERCLA;

(h) there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned or leased by the Borrower or any Subsidiary of the Borrower that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect; and

(i) no conditions exist at, on or under any property now or previously owned or leased by the Borrower which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law which could reasonably be expected to have a Material Adverse Effect."

SECTION 2.1.6. Amendments to Article VII of the Existing Credit Agreement. Article VII of the Existing Credit Agreement is hereby amended as set forth below:

(a) Section 7.1.6 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as set forth below:

"SECTION 7.1.6. Use of Proceeds. The Borrower shall use the Revolving Loans to pay or loan or contribute the proceeds of Revolving Loans to EPIC and its Subsidiaries to pay in part the cash consideration of the Transaction and to finance the Borrower's ongoing working capital and general corporate purposes.".

(b) Section 7.1.9 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as set forth below:

"SECTION 7.1.9 Future Subsidiaries. Upon the lapse or other termination of all restrictions contained in any indenture or other agreement existing on the Amendment No. 2 Effective Date relating to Indebtedness of EPIC or its Subsidiaries which restrictions prohibit the entering into by EPIC or any such Subsidiary of the Subsidiary Guaranty or Subsidiary Pledge Agreement, the Borrower shall promptly cause (i) EPIC and each of its Subsidiaries (other than JV Subsidiaries) to become parties to the Subsidiary Guaranty, and (ii) EPIC and each of its relevant Subsidiaries to become parties to the

Subsidiary Pledge Agreement and deliver certificates representing all of the issued and outstanding shares of capital stock (other than the capital stock of EPIC Properties, Inc. until such time that all of the CMOs have been redeemed or otherwise retired) of EPIC and its Subsidiaries, together with duly executed stock powers in blank to the Collateral Agent. Upon any other Person becoming, after the Amendment No. 2 Effective Date, a Subsidiary of the Borrower, the Borrower shall notify the Administrative Agent of such event and such Subsidiary shall become a party to the Subsidiary Guaranty (if such Subsidiary is not a JV Subsidiary) and the Subsidiary Pledge Agreement in a manner reasonably satisfactory to the Administrative Agent. In addition, the Borrower shall provide the Administrative Agent and the Lenders with such opinions of legal counsel, in form and substance reasonably satisfactory to the Administrative Agent, as the Administrative Agent may reasonably require, relating to the obligations of such new Subsidiary under the Subsidiary Guaranty and Subsidiary Pledge Agreement.".

(c) A new Section 7.1.10 is hereby added to the Existing Credit Agreement to read as set forth below:

"SECTION 7.1.10. Environmental Covenant. The Borrower will, and will cause each of its Subsidiaries to,

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(a) use and operate all of the its facilities and properties in material compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, and handle all Hazardous Materials in material compliance with all applicable Environmental Laws except for noncompliance which, singly or in the aggregate, could not reasonably be expected to have a Material Adverse Effect or which noncompliance is the subject of a Good Faith Contest;

(b) immediately notify the Administrative Agent and provide copies upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws, and shall promptly cure and have dismissed with prejudice to the satisfaction of the Administrative Agent any actions and proceedings relating to compliance with Environmental Laws except for such claims, complaints,

notices and inquiries which, singly or in the aggregate, could not reasonably be expected to have a Material Adverse Effect or which are the subject of a Good Faith Contest; and

(c) provide such information and certifications which the Administrative Agent may reasonably request from time to time to evidence compliance with this Section 7.1.10."

(d) Section 7.2.2 of the Existing Credit Agreement is hereby amended by (i) the parenthetical appearing in clause (e)(iii) thereof is amended in its entirety to read "(other than (i) a JV Subsidiary and (ii) EPIC and its Subsidiaries with respect to any such promissory note owing to EPIC or any of its Subsidiaries existing prior to the Amendment No.2 Effective Date)", (ii) deleting the word "and" appearing at the end of clause (j) thereof, (iii) replacing the period at the end of clause (k) thereof with"; and" and (iv) inserting a new clause (l) to read as set forth below:

"(l) Indebtedness of EPIC and its Subsidiaries outstanding on the date of the consummation of the EPIC Merger and not incurred in contemplation thereof (other than Indebtedness under the EPIC Credit Agreement and, after the 65th day following the Amendment No. 2 Effective Date, the Senior ESOP Notes).".

(e) Section 7.2.3 of the Existing Credit Agreement is hereby amended by (i) deleting "and" appearing at the end of clause (m) thereof, (ii) replacing the period at the end of clause (n) thereof with the word "; and" and (iii) inserting a new clause (o) to read as set forth below:

"(o) Liens on assets of EPIC or any of its Subsidiaries existing on the Amendment No. 2 Effective Date, other than Liens arising as a result of or created in contemplation of the Transaction.".

(f) Section 7.2.4 of the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

"SECTION 7.2.4. Financial Condition. The Borrower covenants and agrees as follows:

(a) Net Worth. The Borrower will not permit Net Worth at any time during any period set forth below to be less than the amount set forth opposite such period:

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Period	Net Worth
Amendment No. 2 Effective Date through end of Fiscal Year 1994	$900,000,000
First Two Fiscal Quarters of Fiscal Year 1995	$925,000,000
Last Two Fiscal Quarters of Fiscal Year 1995	$950,000,000

(b) Cash Flow Coverage Ratio. The Borrower will not permit the Cash Flow Coverage Ratio, at any time commencing on the Amendment No. 2 Effective Date, to be less than 1.0:1.0.

(c) Interest Coverage Ratio. The Borrower will not permit the Interest Coverage Ratio, at any time during any period set forth below, to be less than the ratio set forth opposite such period:

Period	Ratio
Amendment No. 2 Effective Date through end of Fiscal Year 1994	3.75:1.0
Fiscal Year 1995	3.75:1.0

(d) Total Debt to EBITDA Coverage Ratio. The Borrower will not permit the Total Debt to EBITDA Coverage Ratio (i) from the Amendment No. 2 Effective Date to August 31, 1994 to exceed 4.25:1.0 and (ii) at any time thereafter during any period set forth below, to be greater than the ratio set forth opposite such period:

Period	Ratio
First 2 Fiscal Quarters of Fiscal Year 1995	4.25:1.0
Last 2 Fiscal Quarters of Fiscal Year 1995	4.00:1.0"

(g) Section 7.2.5 of the Existing Credit Agreement is hereby amended in its entirety to read as set forth below:

"SECTION 7.2.5 Investments. The Borrower will not, and will not permit any of its Subsidiaries to, make, incur, assume or suffer to exist any Investment in any other Person, except:

(a) Investments existing on the Effective Date and identified in Item 7.2.5(a) ("Ongoing Investments") of the Disclosure Schedule;

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(b) Cash Equivalent Investments;

(c) Investments in the Borrower or any of its wholly-owned Subsidiaries;

(d) Investments in joint ventures;

(e) Investments arising in connection with Permitted Dispositions under Section 7.2.10; and

(f) other Investments in an aggregate amount not to exceed at any time $40,000,000;

(g) Investments in the Other Transactions not to exceed $125,000,000; and

(h) Investments by EPIC and its Subsidiaries existing on the Amendment No. 2 Effective Date;

(i) Investments in EPIC and its Subsidiaries;

provided, however, that

(i) no Investment otherwise permitted by clause (d), (e), or (f) shall be permitted to be made if, immediately before or after giving effect thereto, any Default of the type described in clauses (a) through (d) of Section 8.1.9 subject to the proviso set forth therein or any Event of Default shall have occurred and be continuing;

(ii) no Investments otherwise permitted by clause (d), (e) or (f) which have not been committed to by the Borrower or any of its Subsidiaries prior to any occurrence thereof shall be permitted if, immediately before or after giving effect thereto, any Material Adverse Effect shall have occurred;

(iii) no Investment permitted by this Section may be made in any joint venture if, as of the date such Investment is made, incurred or assumed, all joint venture Investments permitted by this Section shall hold assets of the Borrower or any of its Subsidiaries, or any assets contributed by the Borrower or any of its Subsidiaries which are greater (in Dollar amount, in the case of the following clause (x) and number, in the case of the following clause (y)) than the lesser of

(x) 35% of the value of the consolidated assets of the Borrower and its Subsidiaries at such time and (y) 30% (by number) of all hospitals constituting Facilities at such time; provided, further, that the Borrower will not, and will not permit any of its Subsidiaries to, make, incur, assume or suffer to exist any Investments in Minority Ventures if Minority Ventures, in the aggregate, would hold at such time more than six hospitals which were previously Facilities or if the aggregate amount of assets contributed, which assets shall be valued at book value at the time such contribution is made, net of returns of principal or equity thereon received by the Borrower or any of its Subsidiaries after such contribution is made and loans made available by the Borrower or any of its Subsidiaries to Minority Ventures at such time exceeds $350,000,000;

(iv) any Investments permitted under this proviso shall be reduced by any Investments made pursuant to clause (a) above; and

(v) Investments in EPIC and its Subsidiaries shall be limited to (A) cash only Investments in EPIC and its Subsidiaries on the Amendment No. 2 Effective Date to pay for the merger consideration in respect of common stock of EPIC in the EPIC

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Transaction not to exceed in the aggregate $290,000,000 and (B) additional cash only Investments constituting intercompany Indebtedness made in EPIC and its Subsidiaries not to exceed in the aggregate $250,000,000."

(h) Sections 7.2.7 and 7.2.8 are hereby amended in their entirety to read as set forth below:

SECTION 7.2.7 [Intentionally Omitted.]

SECTION 7.2.8 [Intentionally Omitted.]

(i) Section 7.2.9 of the Existing Credit Agreement is hereby amended by adding the following new last paragraph to the end thereof to read as set forth below:

"Notwithstanding the foregoing, no Subsidiary of EPIC existing on the Amendment No. 2 Effective Date ("Existing EPIC Subsidiary") may liquidate or dissolve, consolidate with, or merge into or with, or purchase or otherwise acquire all or substantially all of the assets of any Subsidiary of the Borrower which was a Subsidiary of the Borrower prior to the Amendment No.2 Effective Date ("Prior Subsidiary"), except that an

Existing EPIC Subsidiary (other than EPIC Healthcare Group, Inc. and EPIC Properties, Inc. and, after the Amendment No. 2 Effective Date, EPIC) may merge into any Prior Subsidiary so long as the Prior Subsidiary is the surviving corporation of any such merger."

(j) Section 7.2.11 of the Existing Credit Agreement is hereby amended in its entirety to read as set forth below:

"SECTION 7.2.11. Modification of Certain Agreements. After the Amendment No. 2 Effective Date, the Borrower will not consent and will not permit any Subsidiary to consent to any amendment, supplement or other modification of any of the terms or provisions contained in, or applicable to,

(a) the Subordinated Debt or Continuing EPIC Debt, if the effect of such amendment or change is to increase the interest rate on such Indebtedness, change (to earlier dates) the date upon which payments of principal or interest are due thereon, change the subordination provisions thereof (or of any guaranty thereof) (if any) or if the effect of such amendment or change, together with all amendments or changes made, is to increase materially the obligations of the obligor or confer additional rights on the holder of such Indebtedness which would be adverse to the Borrower or the Lenders; or

(b) the Consent and Tender Document, unless, simultaneously therewith, the Borrower shall have paid all Obligations in full and terminated all Commitments hereunder.".

(k) Section 7.2.13 of the Existing Credit Agreement is hereby amended by adding the following phrase at the end of the parenthetical appearing therein "or as contained in any indenture or other document relating to Indebtedness of EPIC or its Subsidiaries existing on the Amendment No. 2 Effective Date".

SECTION 2.1.7. Amendments to Article VIII of the Existing Credit Agreement. Article VIII of the Existing Credit Agreement is hereby amended as set forth below:

(a) The proviso appearing at the end of Section 8.1.9 of the Existing Credit Agreement is hereby amended in its entirety to read as set forth below:

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"provided, however, that, with respect to any Subsidiary of the Borrower and subject to Section 8.4,

an "Event of Default" shall not occur under this Section 8.1.9 until such time as such a Subsidiary or Subsidiaries of the Borrower accounting for more than 5.0% of the consolidated net revenues or more than 5.0% of the consolidated assets of the Borrower (as calculated as of the Amendment No. 2 Effective Date until August 31, 1994 and thereafter for the Borrower's most recent Fiscal Year end) is or are the subject of one or more of the events described in this Section 8.1.9."

(b) Section 8.1.11 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

"SECTION 8.1.11. Subsidiary Guaranty. (i) Without duplication of the terms of Section 8.1.12, the guaranty given by any Subsidiary of the Borrower under the Subsidiary Guaranty shall for any reason other than the satisfaction in full of all Obligations and termination of this Agreement or the release of such Subsidiary from its Obligations under the Subsidiary Guaranty in accordance with the terms thereof, cease to be in full force and effect at any time or is declared to be null and void or (ii) any such Subsidiary denies that it has any further liability under the Subsidiary Guaranty, or gives notice to such effect, and such denial or notice is not revoked within one Business Day after the earlier of (A) receipt by the Borrower of notice from the Administrative Agent or any Lender of such denial or notice being made or given, as the case may be or (B) the Borrower becomes aware of such denial or notice being made or given, as the case may be; provided, however, that, subject to Section 8.4, an "Event of Default" shall not occur under this Section 8.1.11 until such time as a Subsidiary or Subsidiaries of the Borrower accounting for more than 5.0% of the consolidated net revenues or more than 5.0% of the consolidated assets of the Borrower (as calculated as of the Amendment No. 2 Effective Date until August 31, 1994 and thereafter for the Borrower's most recent Fiscal Year end) is or are the subject of one or more of the events described in this Section 8.1.11; provided further, however, that in making such determination EPIC and its Subsidiaries shall be excluded from such calculation."

(c) Section 8.1.12 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

SECTION 8.1.12. Impairment of Security, etc. Any Loan Document shall (except in accordance with its

terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto or any Lien granted under any Loan Document on any substantial portion of the collateral shall, in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable Obligation of any Obligor party thereto; the Borrower or any other Obligor shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or any Lien securing any Obligation

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shall, in whole or in part, cease to be a perfected prior to all other Liens (other than as a result of actions of the Collateral Agent or any Lender); provided, however, that, subject to Section 8.4, an "Event of Default" shall not occur under this Section 8.1.12 with respect to any of the foregoing relating to any Collateral Document to which a Subsidiary of the Borrower is a party or any Pledged Subsidiary Debt until such time as the Collateral Documents or Pledged Subsidiary Debt of a Subsidiary or Subsidiaries of the Borrower accounting for more than 5.0% of the consolidated net revenues or more than 5.0% of the consolidated assets of the Borrower (as calculated as of the Amendment No. 2 Effective Date until August 31, 1994 and thereafter for the Borrower's most recent Fiscal Year end) is or are the subject of one or more of the events described in this Section 8.1.12; provided further, however, that in making such determination EPIC and its Subsidiaries shall be excluded from such calculation."

ARTICLE III

CONDITIONS TO EFFECTIVENESS

SECTION 3.1. Amendment No. 2 Effective Date. This Amendatory Agreement shall become effective as of the date upon which (the "Amendment No. 2 Effective Date ") all the conditions set forth in this Section 3.1 shall have been satisfied (on or prior to such date) and, thereafter, this Amendatory Agreement shall be known, and may be referred to, as "Amendment No. 2".

SECTION 3.1.1. Execution of Counterparts. The Administrative Agent shall have received counterparts of this Amendatory Agreement duly executed by the Borrower and Scotiabank. The delivery of an executed counterpart hereof by the Borrower shall constitute a representation and warranty by the Borrower that, on the date of such delivery and on Amendment No. 2 Effective Date, after giving effect to Amendment No. 2, all

statements set forth in Section 5.2.1 of the Credit Agreement, as amended by Amendment No. 2, are true and correct as of each such date.

SECTION 3.1.2. Delivery of Note. The Administrative Agent shall have received a promissory note payable to Scotiabank evidencing the Revolving Loans made by Scotiabank from time to time to the Borrower pursuant to Amendment No. 2, dated the Amendment No. 2 Effective Date, duly executed and delivered by the Borrower, in the form of Annex I hereto.

SECTION 3.1.3. 1994 Credit Agreement. The Administrative Agent shall have received counterparts of the 1994 Credit Agreement, duly executed by the Borrower, the Lenders, the Co-Agents and the Administrative Agent (as each such term is defined in the 1994 Credit Agreement), together with counterparts of the Pledge Agreements and the Subsidiary Guaranty (as defined in and delivered pursuant to the 1994 Credit Agreement), duly executed by each Obligor (as defined in the 1994 Credit Agreement) party thereto (other than EPIC and its Subsidiaries). The Administrative Agent shall have received (i) shares of stock pledged to the Collateral Agent pursuant to the Pledge Agreements (except with respect to the shares of stock of EPIC and its Subsidiaries), (ii) the Subsidiary Notes and other Indebtedness of the Borrower's Subsidiaries evidenced by promissory notes and pledged to the Collateral Agent pursuant to the Note Pledge Agreement (including the promissory notes of EPIC's subsidiaries payable to the Borrower, but excluding the promissory notes of EPIC's Subsidiaries not so payable) and (iii) evidence reasonably satisfactory to the Collateral Agent that all filings, recordings and other actions which the Collateral Agent shall reasonably deem necessary or advisable to establish, preserve and perfect the Liens granted to the Lenders pursuant to the Collateral Documents have been made or taken.

SECTION 3.1.4. Termination of EPIC Credit Agreement. On or prior to the Amendment No. 2 Effective Date, the Borrower shall have taken and shall have caused EPIC to have taken all necessary actions such that on or prior to the Amendment No. 2 Effective Date (i) the commitments under the EPIC Credit Agreement shall have been terminated, (ii) all outstanding obligations

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thereunder, including, without limitation, any principal, interest, fees, commissions and other amounts accrued and unpaid thereunder shall be discharged and (iii) no lender thereunder or other party thereto shall have any effective Lien over the collateral or any other property of the Borrower or any of its Subsidiaries.

SECTION 3.1.5. Transaction Consummated.

(a) EPIC Merger Agreement and Related Documents. The Administrative Agent shall have received (with copies for each Lender) a fully executed copy of the EPIC Merger Agreement, and all other certificates, filings, documents, consents, approvals, board of directors resolutions and opinions furnished pursuant to or in connection with the consummation of the EPIC Transaction each of which shall be in form and substance satisfactory to the Administrative Agent and the majority Co-Agents. No amendment, waiver or other modification of, or other forbearance to exercise any rights with respect to, any of the terms or provisions relating to the conditions to the consummation of the EPIC Merger in the EPIC Merger Agreement that could reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business or properties of the Borrower or the Borrower and its Subsidiaries, taken as a whole, shall have been made or consented to by the Borrower (unless otherwise agreed to by the Lenders).

(b) Consummation of EPIC Merger; Delivery of Certificate of EPIC Merger. The EPIC Merger shall have been consummated in accordance with the EPIC Merger Agreement. The Certificate of Merger, in recordable form, shall have been executed by the parties thereto, and the Administrative Agent shall have received evidence satisfactory to it that counterparts thereof have been presented for filing with the Secretary of State of the State of Delaware. The Administrative Agent shall have received a copy of the Certificate of Merger, duly executed and delivered by each party thereto.

(c) Senior ESOP Notes. The Administrative Agent shall have received a true and correct copy of each irrevocable notice of redemption delivered to the trustee of the Senior ESOP Notes which redemption shall have been arranged on terms and conditions satisfactory to the Lenders.

(d) No Default under Continuing EPIC Debt. No Event of Default (as defined in any indenture relating to the Continuing EPIC Debt) shall have occurred or be created as a result of the Transaction.

SECTION 3.1.6. Funds Available for the Transaction. On or prior to the Amendment No. 2 Effective Date, the cash proceeds of the Public Offering shall have been applied to the EPIC Merger and the Borrower Effective Date Cash on Hand shall have been applied to the payment of the cash consideration of the Transaction. The amount of such funds not so applied on the Amendment No. 2 Effective Date, together with the amount of

Commitments shall be sufficient to pay in full all remaining cash consideration for the Transaction.

SECTION 3.1.7. Public Offering. The Administrative Agent shall have received copies of all documents, agreements and instruments related to the Public Offering and the other transactions contemplated in connection therewith

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(including the Borrower's Registration Statement on Form S-3 filed with the Securities and Exchange Commission), all of which shall be in form and substance reasonably satisfactory to the Administrative Agent. Upon completion of the Public Offering, the Borrower shall have received gross cash proceeds from the Public Offering in an amount at least equal to $140,000,000.

SECTION 3.1.8. Issuance of the Subordinated Notes. The Borrower shall have duly authorized, executed and delivered the Subordinated Note Indenture, the Subordinated Notes and all other certificates, documents and agreements entered into in connection therewith, and the Administrative Agent shall have received, with counterpart copies for each Lender, true and correct copies of the Subordinated Notes and all other certificates, documents, agreements, consents and opinions furnished pursuant to or in connection therewith, the terms and conditions of which shall be reasonably satisfactory to the Administrative Agent. The Borrower shall have received gross cash proceeds from the issuance of the Subordinated Notes in an amount at least equal to $200,000,000.

SECTION 3.1.9. Master Assignment Agreement. The Administrative Agent shall have received counterparts of the Master Assignment Agreement duly executed by the Borrower and each Lender (other than Scotiabank).

SECTION 3.1.10. No Material Adverse Change. Except as disclosed in writing to the Lenders prior to the Amendment No. 2 Effective Date, (i) since August 31, 1993, with respect to the Borrower or any of its existing Subsidiaries, taken as a whole or (ii) since September 30, 1993, with respect to EPIC or any of its Subsidiaries, taken as a whole, no event has occurred which or would cause a Material Adverse Effect.

SECTION 3.1.11. Amendment Fee Letter. The Administrative Agent shall have received counterparts of the Amendment Fee Letter, duly executed by the Borrower.

SECTION 3.1.12. Opinions of Counsel. The Administrative Agent shall have received opinions, dated the Amendment No. 2 Effective Date, in form and substance satisfactory to the Administrative Agent, from

(a) Dewey Ballantine, counsel to the Borrower; and

(b) Philip D. Wheeler, Esq., General Counsel to the Borrower.

SECTION 3.1.13. Legal Details, etc. All documents executed or submitted pursuant hereto shall be satisfactory in form and substance to the Administrative Agent and its counsel and shall include certified copies of board resolutions of the Borrower and its Subsidiaries authorizing the transactions contemplated hereby and certificates of incumbency for those officers of such Persons authorized to execute and deliver all agreements and instruments contemplated hereby or relating hereto. The Administrative Agent shall have received all information, and such counterpart originals or such certified or other copies of such other materials, as the Administrative Agent or its counsel may reasonably request, and all legal matters incident to the transactions contemplated by this Amendment shall be satisfactory to the Administrative Agent and its counsel. In addition, the Administrative Agent shall have received such other agreements and documents as it may from time to time request.

SECTION 3.1.14. Payment of Fees and Expenses. The Borrower shall have paid in full all reasonable fees and expenses of the Scotiabank, or its counsel or consultants incurred in respect of the negotiation, preparation and review of the documentation relating to the transactions contemplated by this Amendment No. 2 invoiced on or prior thereto.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. Cross-References. References in this Amendatory Agreement to any Article or Section are, unless otherwise specified or otherwise required by the context, to such Article or Section of this

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Amendatory Agreement.

SECTION 4.2. Loan Document Pursuant to Credit Agreement; Limited Waiver. This Amendatory Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered, and applied in accordance with all of the terms and provisions of the Credit Agreement. Except as expressly amended or waived hereby, all of the representations, warranties, terms, covenants and conditions of the Credit Agreement shall remain unamended and unwaived. The amendments, waivers and other terms set forth herein shall be limited precisely as provided for herein and shall not be deemed to be a waiver of, amendment of, consent to, or modification of, any other term or provision of the Credit Agreement or of any term or provision of any other Collateral Document or Loan Document or of any transaction or

further or future action on the part of the Borrower which would require the consent of any of Scotiabank under the Credit Agreement.

SECTION 4.3. Successors and Assigns. This Amendatory Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 4.4. Counterparts. This Amendatory Agreement may be executed by the parties hereto in several counterparts and be deemed to be an original and all of which shall constitute together but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be executed and delivered by their authorized agents of representatives as of the date first above written.

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

By:

Title:

THE BANK OF NOVA SCOTIA, as
Administrative Agent, Co-Agent and
Lender

By:

Title:

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ANNEX I

NOTE

$310,000,000 May 5, 1994

FOR VALUE RECEIVED, the undersigned, HEALTHTRUST INC. - THE HOSPITAL COMPANY, a Delaware corporation (the "Borrower"), promises to pay to the order of THE BANK OF NOVA SCOTIA ("Scotiabank") on or before the Stated Maturity Date (as defined in the Credit Agreement) the principal sum of THREE HUNDRED TEN MILLION DOLLARS ($310,000,000) or, if less, the aggregate unpaid principal amount of all Loans shown on the schedule attached hereto (and any continuation thereof) made by the Lender pursuant to that certain Credit Agreement, dated as of September 29, 1992 (as heretofore or hereafter amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower the various financial institutions parties thereto (collectively, the "Lenders"), Scotiabank and ABN-AMRO Bank, N.V., Bank of America National Trust and Savings Association, The Chase Manhattan Bank, N.A., Citibank, N.A., Continental Bank N.A., Deutsche Bank AG, LTCB Trust Company, Swiss Bank Corporation and The Toronto-Dominion Bank, as co-agents (the "Co-Agents") for the Lenders and Scotiabank, as administrative agent (the "Administrative Agent") for the Co-Agents and the Lenders.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America in same day or immediately available funds to the account designated by the Lender pursuant to the Credit Agreement.

This Note is the Note referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Note and on which such Indebtedness may be declared to be immediately due and payable. Unless otherwise defined, terms used herein have the meanings provided in the Credit Agreement.

All parties hereto, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

THIS NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

By:

Title:

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LOANS AND PRINCIPAL PAYMENTS

	Amount of Loan Made		Interest	Amount of Principal Repaid		Unpaid Principal Balance			
Date	Base Rate	LIBO Rate	Period (if applicable)	Base Rate	LIBO Rate	Base Rate	LIBO Rate	Total	Notation Made By

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EXHIBIT 99.4

U.S. $1,200,000,000

CREDIT AGREEMENT,

dated as of April 28, 1994

among

HEALTHTRUST, INC. - THE HOSPITAL COMPANY,

as the Borrower,

CERTAIN FINANCIAL INSTITUTIONS,

as the Lenders,

THE BANK OF NOVA SCOTIA

and

ABN AMRO BANK, N.V.,
BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,
THE CHASE MANHATTAN BANK, N.A.,
CHEMICAL BANK,
CITICORP USA, INC.,
CONTINENTAL BANK N.A.,
DEUTSCHE BANK AG, NEW YORK BRANCH,
FIRST UNION NATIONAL BANK OF NORTH CAROLINA,
GENERAL ELECTRIC CAPITAL CORPORATION,
THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH,
THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED, NEW YORK BRANCH,
NATIONSBANK OF TENNESSEE, N.A.,
SWISS BANK CORPORATION, SAN FRANCISCO BRANCH,
THIRD NATIONAL BANK IN NASHVILLE,

and

THE TORONTO-DOMINION BANK,

as Co-Agents for the Lenders,

and

THE BANK OF NOVA SCOTIA,

as the Administrative Agent
for the Lenders.

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of April 28, 1994, among HEALTHTRUST, INC. - - - THE HOSPITAL COMPANY, a Delaware corporation, (the "Borrower"), the various financial institutions as are or may become parties hereto (collectively, the "Lenders"), THE BANK OF NOVA SCOTIA ("Scotiabank") and ABN AMRO Bank, N.V., Bank of America National Trust and Savings Association, The Chase Manhattan Bank, N.A., Chemical Bank, Citicorp USA, Inc., Continental Bank N.A., Deutsche Bank AG, New York Branch, First Union National Bank of North Carolina, General Electric Capital Corporation, The Industrial Bank of Japan, Limited, New York Branch, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Tennessee, N.A., Swiss Bank Corporation, San Francisco Branch, Third National Bank in Nashville, and The Toronto-Dominion Bank, as co-agents (the "Co-Agents) for the Lenders, and Scotiabank, as administrative agent (in such capacity, the "Administrative Agent") for the Co-Agents and the Lenders.

W I T N E S S E T H:

WHEREAS, the Borrower has heretofore entered into a certain Credit Agreement, dated as of September 29, 1992 (as amended, modified or amended and restated or otherwise modified to the date hereof, the "1992 Credit Agreement") with the financial institutions parties thereto, Scotiabank, ABN AMRO Bank N.V., Bank of America National Trust and Savings Association, The Chase Manhattan Bank, N.A., Citibank, N.A., Continental Bank N.A., Deutsche Bank AG, LTCB Trust Company, Swiss Bank Corporation, and The Toronto-Dominion Bank, as co-agents and Scotiabank as administrative agent for the lenders;

WHEREAS, pursuant to an Agreement and Plan of Merger, dated as of January 9, 1994 (the "EPIC Merger Agreement"), among the Borrower, EPIC Holdings, Inc., a Delaware corporation ("EPIC") and Odyssey Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Borrower ("Acquisition Sub"), Acquisition Sub will merge with and into EPIC pursuant to which all of the issued and outstanding shares of capital stock of EPIC (other than shares subject to appraisal rights) (the "EPIC Merger") will be converted into the right to receive $7.00 per share in cash;

WHEREAS, (i) EPIC and certain Subsidiaries of EPIC have tendered for at least a majority in principal amount (the "Tender") of each issue of the EPIC Tendered Debt pursuant to the Consent and Tender Document, (ii) EPIC and certain Subsidiaries of EPIC have solicited the consent (the "Consent") of at least a

majority in principal amount of each issue of the EPIC Tendered Debt pursuant

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to the Consent and Tender Document to amend the respective indentures relating thereto in certain respects as set forth in supplemental indentures thereto previously delivered to the Lenders (the "Supplemental Indentures"), (iii) the Borrower will cause EPIC or its relevant Subsidiary to irrevocably call for the redemption in full of each issue of the EPIC Redeemable Debt and (iv) the Borrower will cause EPIC to pay in full all obligations outstanding under the EPIC Credit Agreement and terminate all commitments thereunder (each of such transactions, together with the EPIC Merger are hereinafter referred to as the "EPIC Transaction");

WHEREAS, pursuant to an Asset Purchase Agreement, dated as of March 18, 1994 (the "Tennessee Purchase Agreement"), among HTI Memorial Hospital Corporation, the Borrower, Nashville Memorial Health Systems, Inc., Nashville Memorial Hospital, Inc., Nashville Memorial Outreach Services Corporation, Community Health Services, Medical Credit Clearing, Inc., and Memorial Companies, Inc. ("Memorial"), the Borrower has purchased substantially all of the assets of Memorial (the "Tennessee Acquisition");

WHEREAS, the Borrower desires to have the borrowing capacity to acquire certain other health care related facilities and assets (collectively, the "Other Acquisitions"; the Tennessee Acquisition and the Other Acquisitions are referred to herein collectively as the "Other Transactions");

WHEREAS, the aggregate amount of funds necessary to consummate the Other Transactions is up to a maximum of $265,000,000;

WHEREAS, in connection with the EPIC Transaction and the Other Transactions, the Borrower will refinance all amounts outstanding or otherwise due under the 1992 Credit Agreement;

WHEREAS, (i) in connection with the EPIC Merger the Borrower will sell shares of its common stock in a registered public stock offering and will receive proceeds from the exercise of certain outstanding warrants for Common Stock (the "Public Offering") and (ii) in connection with the consummation of the EPIC Transaction and the Other Transactions the Borrower will issue the Subordinated Notes (the "Note Offering"), in each case as further set forth in the Borrower's Registration Statements each on a Form S-3 as filed with the SEC (collectively, the "Registration Statements"), with gross cash proceeds received by the Borrower on or prior to the Effective Date to be no less than $140,000,000 from the Public Offering and $200,000,000 from the Note Offering;

WHEREAS, in connection with the Transaction, the Borrower desires to obtain from the Lenders

(a) a Term Loan Commitment pursuant to which Term Loans in a maximum aggregate principal amount not to exceed $415,000,000 will be made in a single Borrowing by Lenders having Term Loan Commitments;

(b) a Delayed Term Loan Commitment pursuant to which Delayed Term Loans in a maximum aggregate principal amount not to exceed $385,000,000 will be made by Lenders having Delayed Term Loan Commitments; and

(c) a Revolving Loan Commitment pursuant to which Revolving Loans and Letters of Credit in a maximum aggregate amount not to exceed $400,000,000, will be made or issued, as the case may be, from time to time, from Lenders having Revolving Loan Commitments (provided, that of such amount, no more than $150,000,000 shall be available for the issuance of Letters of Credit);

with all the proceeds of the Loans to be used for the purposes specified in Section 7.1.6; and

WHEREAS, the Lenders are willing, on the terms and subject to the conditions hereinafter set forth (including Article V), to extend the Commitments, make Loans to the Borrower and issue and participate in Letters of Credit for the account of the Borrower;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1. Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings

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(such meanings to be equally applicable to the singular and plural forms thereof):

"Accounts" means any "account" (as that term is defined in Section 9-106 of the U.C.C. as in effect, from time to time, in the State of New York) of the Borrower arising from the sale or lease of goods or rendering of services.

"Acquisition Sub" has the meaning set forth in the second recital of this Agreement.

"Administrative Agent" is defined in the preamble and includes any Person referred to and serving from time to time as "Credit Agent" under any Collateral Document and each other Person as shall have subsequently been appointed as the successor Administrative Agent pursuant to Section 9.4.

"Affected Issuers" is defined in clause (b) of Section 4.12.

"Affected Lender" is defined in Section 4.11.

"Affected Replacement Event Lender" means any Lender that is the subject of a Replacement Event.

"Affiliate" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person (excluding any trustee under, or any committee with responsibility for administering, any Plan). A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agreement" means, on any date, this Credit Agreement as originally in effect on the Effective Date and as thereafter from time to time amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

"Alternate Base Rate" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum equal to the higher of

(a) the rate of interest most recently announced or established by Scotiabank as its base rate for Dollar loans; and

(b) the Federal Funds Rate plus 1/2%.

The Alternate Base Rate is not necessarily intended to be the lowest rate of interest determined by Scotiabank in connection with extensions of credit. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Alternate Base Rate. The Administrative Agent will give notice promptly to the Borrower and the Lenders of changes in the Alternate Base Rate.

"AmSouth Facility" means the credit facility provided by AmSouth Bank, N.A. pursuant to a credit agreement, dated as of July 30, 1991 between AmSouth Bank, N.A. and EPIC Properties, Inc. in support of the CMOs.

"Applicable LIBOR Margin" means 1 1/2% plus or minus the Applicable Rate Modifier.

"Applicable Rate Modifier" means, with respect to interest on any Loan of any type or any Letter of Credit participation fee referred to in clause (a) of Section 3.3.2 and at any time of determination commencing with the Fiscal Quarter ended November 30, 1994, a single addition to or discount from the interest rate allowable under Section 3.2.1, which addition or discount shall be determined by reference to the Interest Coverage Ratio and the Total Debt to EBITDA Coverage Ratio (as reported in the Borrower's last Compliance Certificate) as set forth below:

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Financial Tests	Applicable Rate Modifier

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In the event the Interest Coverage Ratio is < 4.5:1.0 and the Total Debt to EBITDA Coverage Ratio is > 4.0:1.0 ("Maximum Rate Modifier"), the Applicable Rate Modifier shall be:	+ .25%
In the event the Interest Coverage Ratio is > 4.5:1.0 but < 5.0:1.0 and the Total Debt to EBITDA Coverage Ratio is < 4.0:1.0 but > 2.5: 1.0, the Applicable Rate Modifier shall be:	0 %
In the event the Interest Coverage Ratio is > 5.0:1.0 but < 5.5:1.0 and the Total Debt to EBITDA Coverage Ratio is < 2.5:1.0 but > 2.0:1.0, the Applicable Rate Modifier shall be:	- .25%
In the event the Interest Coverage Ratio is > 5.5:1.0 and the Total Debt to EBITDA Coverage Ratio is < 2.0:1.0, the Applicable Rate Modifier shall be:	- .50%;

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provided, however, that (i) any such discount shall be permitted only if no Default has occurred and is continuing and (ii) if the Borrower meets one, but not both, tests for a reduction or an increase in the Applicable Rate Modifier, then the Applicable Rate Modifier shall be the next highest level where the Borrower satisfies both such tests. Changes in the Applicable Rate Modifier shall take effect (with respect to Loans of any type and

Letters of Credit then or thereafter outstanding) five Business Days after the date of delivery of a Compliance Certificate pursuant to clause (c) of Section 7.1.1.

"Assignee Lender" is defined in Section 10.11.1.

"Authorized Officer" means, relative to any Obligor, those of its officers whose signatures and incumbency shall have been certified to the Administrative Agent and the Lenders pursuant to Section 5.1.1 or as such Obligor may from time to time thereafter certify in writing to the Administrative Agent. For purposes of the delivery of a Compliance Certificate, Authorized Officer shall mean the chief executive officer, chief operating officer, president, principal financial officer, treasurer, controller or any senior vice president of the Borrower.

"Average Life" means, as at any date of determination with respect to any debt security, the quotient obtained by dividing (i) the sum of the products of the numbers of years from such date to the date of each successive scheduled principal payment of such debt security multiplied by the amount of such principal payment by (ii) the sum of all such principal payments; provided, however, that for purposes of this definition the term "scheduled principal payment" shall be deemed to include any scheduled payments in respect of any sinking fund obligation, mandatory redemption, acquisition or defeasance of any such debt security.

"Base Rate Loan" means a Loan bearing interest at a fluctuating rate determined by reference to the Alternate Base Rate.

"Benchmark Securities" means, with respect to any Lender at any time of determination, (i) certificates of deposit issued by such Lender and outstanding or (ii) if at such time of determination such Lender does not have any such certificates of deposit issued and outstanding, any other outstanding general obligations of such Lender which are both unsecured and unsupported by a letter of credit or other form of credit enhancement device.

"Borrower" is defined in the preamble.

"Borrower Effective Date Cash on Hand" means cash of the Borrower on the Effective Date in an amount at least equal to $180,000,000 which will be used to pay in part the cash consideration of the Transaction.

"Borrower Stock Pledge Agreement" means the Borrower Stock Pledge Agreement executed and delivered pursuant to Section 5.1.5, substantially in the form of Exhibit J hereto.

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"Borrowing" means the Loans of the same type and, in the case of LIBO Rate Loans, having the same Interest Period made by all Lenders on the same Business Day and pursuant to the same Borrowing Request in accordance with Section 2.1.

"Borrowing Request" means a loan request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit A hereto.

"Business Day" means

(a) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York City; and

(b) relative to the making, continuing, prepaying or repaying of any LIBO Rate Loans, any day on which dealings in Dollars are carried on in the London interbank market.

"Capital Expenditures" means, for any period, the aggregate amount (without duplication) of all expenditures, whether paid in cash or other consideration other than Common Stock, (including the incurrence of Capitalized Lease Liabilities) of the Borrower and its Subsidiaries during such period to acquire fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures; provided, however, that there shall be excluded from Capital Expenditures (w) Hospital Exchanges, (x) expenditures of funds made pursuant to clause (c) of the definition of "Net Disposition Proceeds", (y) Investments permitted under clauses (d) and (e) of Section 7.2.5 and (z) Capital Expenditures financed with Net Equity Proceeds specifically designated for such purpose.

"Capitalized Lease Liabilities" means all monetary obligations of the Borrower or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Cash Equivalent Investment" means, at any time (a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof, (b) marketable direct obligations issued by any state of the United States of America or any political subdivision of any

such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having the highest rating obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc., (c) commercial paper or privately placed unsecured general obligations of a corporation, whether redeemable at the holder's demand for next day settlement ("master notes") or otherwise, maturing no more than one year from the date of acquisition thereof; provided, however, that if the issuing corporation is not a Lender (or its holding company), such corporation's commercial paper has, at the time of acquisition of such commercial paper or other obligation, a rating in one of the two highest rating categories of Standard & Poor's Corporation or Moody's Investors Service, Inc., (d) certificates of deposit, bankers' acceptances or time deposits maturing within one year from the date of acquisition thereof issued by a Lender and (e) certificates of deposit, bankers' acceptances or time deposits maturing within one year from the date of acquisition thereof issued by other commercial banks organized under the laws of the United States of America or any state thereof or the District of Columbia, each having combined capital and surplus of not less than $125,000,000 or other commercial banks organized under the laws of a foreign country, each having combined capital and surplus of not less than $500,000,000.

"Cash Flow" means, for any Fiscal Quarter, the sum for such Fiscal Quarter of

(a) EBITDA for such Fiscal Quarter;

minus

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(b) all federal, state and foreign income taxes actually paid by the Borrower and its Subsidiaries during such Fiscal Quarter;

minus

(c) the amount of Capital Expenditures for such Fiscal Quarter.

"Cash Flow Coverage Ratio" means, for any Fiscal Quarter, the ratio computed for the period of four consecutive Fiscal Quarters, ending on the close of such Fiscal Quarter (or, if less, for the period of such lesser number of whole Fiscal Quarters to have elapsed since the Closing Date of:

(a) Cash Flow for all such Fiscal Quarters; provided, however, that the amount of Capital Expenditures used in the computation of Cash Flow for the final Fiscal Quarter of

1994 shall be calculated by dividing (i) the sum of all amounts of Capital Expenditures for 1994 by (ii) 4;

to

(b) the sum for all such Fiscal Quarters of

(i) Net Interest Expense;

plus

(ii) scheduled debt reductions pursuant to Sections 3.1.2 and 3.1.3, as such amounts may be reduced from time to time pursuant to Section 3.1;

plus

(iii) the amount expended (other than in connection with the Transaction) by the Borrower or its Subsidiaries during such Fiscal Quarters in respect of the redemption, retirement or other acquisition of Subordinated Debt other than from the proceeds of Refunding Indebtedness or Net Equity Proceeds.

"CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended.

"Change in Control" means any Person (other than (i) any trustee under any Plan or (ii) any underwriter, in its capacity as an underwriter in connection with a public offering of the Borrower's Common Stock) or any two or more Persons acting in concert shall acquire beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act), directly or indirectly, of Securities of the Borrower (or other Securities convertible into such Securities) representing 30% or more of the combined voting power of all Securities of the Borrower entitled to vote in the election of directors, other than Securities having such power only by reason of the occurrence of a triggering event which would permit the exercise of voting power.

"Closing Date" means the date of the making of the initial Credit Extension hereunder.

"Closing Date Certificate" means a certificate duly completed and executed and delivered pursuant to Section 5.1.11, substantially in the form of Exhibit E hereto.

"CMOs" means each of the 11 3/8% Class B-1 First Priority Mortgage Notes due 2001, the 11 1/2% Class B-2 First Priority Mortgage Notes due 1998 and the Floating Rate Class B-3 First

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Priority Mortgage Notes due 1998 of EPIC Properties, Inc., issued pursuant to the CMO Indenture together with the CMO Indenture and the CMO Guaranty as the same may be amended, supplemented or otherwise modified from time to time in accordance with Section 7.2.10.

"CMO Guaranty" means the Guaranty, dated as of July 30, 1991, of EPIC Healthcare Group, Inc. in favor of the trustee under the CMO Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with Section 7.2.10.

"CMO Indenture" means the indenture, dated as of July 30, 1991, between EPIC Properties, Inc. as issuer and State Street Bank and Trust Company, as trustee, and collateral agent as the same may be amended, supplemented or otherwise modified from time to time in accordance with Section 7.2.10.

"Co-Agent" is defined in the preamble.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral Agent" means Scotiabank in its capacity as collateral agent, collateral administrator or having a similar title or function under any of the Collateral Documents and includes each other Person as shall have been appointed as successor Collateral Agent in accordance with Section 9.4.

"Collateral Documents" means the Pledge Agreements and the Intercreditor Agreement.

"Commitment" means, as the context may require, any of the Term Loan Commitment, Delayed Term Loan Commitment or Revolving Loan Commitment.

"Commitment Amount" means, as the context may require, any of the Revolving Loan Commitment Amount, the Delayed Term Loan Commitment Amount or the Term Loan Commitment Amount.

"Commitment Letter" means the confidential commitment letter, dated March 15, 1994, from Scotiabank, addressed to, and acknowledged and agreed to by, the Borrower.

"Commitment Termination Date" means, as the context may require, any of the Revolving Loan Commitment Termination Date, the Delayed Term Loan Commitment Termination Date or the Term Loan Commitment Termination Date.

"Commitment Termination Event" means

(a) the occurrence of any Event of Default described in clauses (a) through (d) of Section 8.1.9 (subject to the proviso at the end of such Section); or

(b) the occurrence and continuance of any other Event of Default and either

(i) the declaration of the Loans to be due and payable pursuant to Section 8.3, or

(ii) in the absence of such declaration, the giving of notice by the Administrative Agent, acting at the direction of the Required Lenders, to the Borrower that the Commitments have been terminated.

"Common Stock" means the common stock of the Borrower, with a par value of $.001 per share.

"Compliance Certificate" means a certificate duly completed and executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit F hereto, as amended, supplemented or restated or otherwise modified from time to time.

"Confidentiality Agreement" means a confidentiality agreement, executed and delivered pursuant to clause (a)(iv) of Section 10.11.1 and Section 10.14, substantially in the form of Exhibit G hereto.

"Consent" is defined in the third recital.

"Consent and Tender Document" means the Offer to Purchase and Consent Solicitation of EPIC, EPIC Healthcare Group, Inc. and EPIC Properties, Inc.

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dated March 15, 1994 and any amendments thereto.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person, if the primary purpose or intent thereof by the Person incurring the Contingent Liability is to provide assurance to the obligee of such obligation of another Person that such obligation of such other Person will be paid or discharged, or that any agreements relating thereto will be

complied with, or that the holders of such obligation will be protected (in whole or in part) against loss in respect thereof. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the debt, obligation or other liability guaranteed thereby.

"Continuation/Conversion Notice" means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit C hereto.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"Credit Extension" means, as the context may require,

(a) the making of a Loan by a Lender excluding any conversion or continuation of such Loan pursuant to Section 2.6 hereof which does not increase the principal amount of such Loan; or

(b) the issuance of any Letter of Credit by an Issuer.

"Credit Extension Request" means, as the context may require, any Borrowing Request or Issuance Request.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"Delayed Term Loan" is defined in Section 2.1.2.

"Delayed Term Loan Commitment" means, relative to any Lender having a Delayed Term Loan Commitment, such Lender's obligation to make Delayed Term Loans pursuant to Section 2.1.2.

"Delayed Term Loan Commitment Amount" means, on any date, $385,000,000, as such amount may be reduced from time to time pursuant to Section 2.4.

"Delayed Term Loan Commitment Termination Date" means the earliest of

(a) 5:00 p.m., New York City time, on December 31, 1995;

(b) the date on which the Delayed Term Loan Commitment Amount is terminated in full or reduced to zero pursuant to Section 2.4 or Section 3.1.5; and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described in clause (b) or (c), the Delayed

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Term Loan Commitments shall terminate automatically and without any further action.

"Disbursement Date" is defined in Section 2.8.2.

"Disclosure Schedule" means the Disclosure Schedule attached hereto as Schedule I, as it may be amended, supplemented or otherwise modified from time to time by the Borrower with the written consent of the Administrative Agent and the Required Lenders.

"Dollar" and the symbol "$" mean lawful money of the United States.

"Domestic Office" means, relative to any Lender, the office of such Lender designated as such below its signature hereto or designated in the Lender Assignment Agreement or such other office of a Lender (or any successor or assign of such Lender) within the United States as may be designated from time to time by notice from such Lender, as the case may be, to each other Person party hereto.

"EBITDA" means, for any period, an amount equal to for such period, without duplication, of

(a) Net Income;

plus

(b) Net Interest Expense;

plus

(c) tax provisions for all federal, state and foreign income taxes of the Borrower and its Subsidiaries;

plus

(d) amortization expense (including the amortization of deferred loan costs) of the Borrower and its Subsidiaries;

plus

(e) the depreciation expense of the Borrower and its Subsidiaries.

"Effective Date" means the date this Agreement becomes effective pursuant to Section 10.8.

"Eligible Assignee" means (i) a commercial bank organized under the laws of the United States or any State thereof; (ii) a savings and loan association or savings bank organized under the laws of the United States or any State thereof; (iii) a commercial bank organized under the laws of any other country, or a political subdivision thereof; provided, however, that (A) such bank is acting through a branch or agency located in the United States or (B) such bank is organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development or a political subdivision of such country, (iv) any affiliate of a Lender and (v) any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act) which extends credit or buys loans as one of its businesses including, but not limited to, insurance companies, mutual funds and lease financing companies.

"Employee Benefit Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA which is, or has been, sponsored or maintained by the Borrower or any of its Subsidiaries.

"Environmental Laws" means all federal, state or local laws, rules, regulations, plans, decrees, demand letters or orders relating to environmental matters, pollution, waste disposal, industrial hygiene, land use or the protection of human or animal health or welfare, including, without limitation, those relating to any release or disposal or threatened release or disposal of Hazardous Materials and to the generation, use, storage, transportation, or disposal of Hazardous Materials, in any manner applicable to the Borrower or any of its Subsidiaries or any of their respective properties.

"EPIC" has the meaning set forth in the second recital of this Agreement.

"EPIC Credit Agreement" means that certain Second Amended and Restated

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Credit Agreement, dated as of September 30, 1988 and Amended and Restated as of July 31, 1991 and September 1, 1993 among EPIC Healthcare Group, Inc., various lenders and General Electric Capital Corporation, as administrative agent.

"EPIC Merger" has the meaning set forth in the second recital of this Agreement.

"EPIC Merger Agreement" has the meaning set forth in the second recital of this Agreement.

"EPIC Redeemable Debt" means, collectively, the 11-7/8% Senior ESOP Notes due September 30, 1998, the 11% Junior Subordinated Pay-in-Kind Notes due 2003 and the Zero Coupon Notes due 2001 of EPIC Healthcare Group, Inc.

"EPIC 10-7/8% Senior Subordinated Indenture" means the Indenture, dated as of July 17, 1993 and amended in connection with the Consent between EPIC Healthcare Group, Inc. and Bankers Trust Company, as trustee, pursuant to which the EPIC 10-7/8% Senior Subordinated Notes were issued, as the same may be amended, supplemented or otherwise modified from time to time in accordance with Section 7.2.10.

"EPIC 10-7/8% Senior Subordinated Notes" means the 10-7/8% Senior Subordinated Notes due 2003 issued pursuant to the EPIC 10- 7/8% Senior Subordinated Indenture.

"EPIC Tendered Debt" means, collectively, the CMOs, the EPIC 10-7/8% Senior Subordinated Notes and the EPIC 12% Senior Deferred Coupon Notes.

"EPIC Transaction" has the meaning set forth in the third recital of this Agreement.

"EPIC 12% Senior Deferred Coupon Note Indenture" means the Indenture, dated as of March 25, 1992, and amended in connection with the Consent between EPIC and First Trust National Association, as trustee, pursuant to which the 12% Senior Deferred Coupon Notes were issued, as the same may be amended, supplemented or otherwise modified from time to time in accordance with Section 7.2 10.

"EPIC 12% Senior Deferred Coupon Notes" means the 12% Senior Deferred Coupon Notes due 2002 issued pursuant to the 12% Senior Deferred Coupon Note Indenture.

"Equivalent Subsidiary" means, with respect to any Subsidiary of the Borrower (the "First Subsidiary"), any other Subsidiary of the Borrower (the "Proposed Equivalent Subsidiary") of which the Borrower, directly or indirectly through one or more of its Subsidiaries, owns an equivalent or greater percentage of the Control/Beneficial Interests (as hereinafter defined) as it does, directly or indirectly, of the First Subsidiary. For purposes of this definition, (i) "Control/Beneficial Interests" means, with respect to any Subsidiary of the Borrower, collectively (a) the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the

Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies of such Subsidiary and (b) all rights to receive dividends or other distributions (upon liquidation or termination of the existence of such Subsidiary or otherwise) in respect of ownership interests in such Subsidiary and (ii) to the extent the Borrower's ownership of the Control/Beneficial Interests in the First Subsidiary or any Proposed Equivalent Subsidiary is indirect through one or more of the other Subsidiaries of the Borrower (each such Subsidiary being an "Intermediate Subsidiary"), the Borrower's percentage ownership of the Control/Beneficial Interests in the First Subsidiary or such Proposed Equivalent Subsidiary shall take into account the percentage ownership by the Borrower and, where applicable, each Intermediate Subsidiary of the Control/Beneficial Interests in each Intermediate Subsidiary.

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"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"Event of Default" is defined in Section 8.1.

"Excess Cash Flow" means for any period, an amount equal to, for such period of

(a) EBITDA;

minus

(b) Capital Expenditures;

minus

(c) all federal, state and foreign income taxes actually paid by the Borrower and its Subsidiaries;

minus

(d) Net Interest Expense;

minus

(e) debt payments (including mandatory prepayments made pursuant to Section 3.1.5 in an amount equal to such prepayment), as such amounts may be reduced from time to time pursuant to Section 3.1, plus an amount equal to the amount, if any, by which such scheduled principal payments

were reduced by the chronological order of payment application of voluntary prepayments.

"Excluded Taxes" is defined in Section 4.6.

"Existing Administrative Agent" is defined in Section 4.11.

"Existing Healthtrust Subordinated Debenture Indenture" means the Indenture, dated as of March 30, 1993 between the Borrower and The First National Bank of Boston, as trustee, pursuant to which the Existing Healthtrust Subordinated Debentures were issued as amended, supplemented or otherwise modified from time to time in accordance with Section 7.2.10.

"Existing Healthtrust Subordinated Debentures" means the $300,000,000 aggregate principal amount of 8-3/4% Subordinated Debentures due 2005 issued by the Borrower pursuant to the Existing Healthtrust Subordinated Debenture Indenture.

"Existing Healthtrust Subordinated Note Indenture" means the Indenture, dated as of May 1, 1992, between the Borrower and The First National Bank of Boston, as trustee, pursuant to which the Existing Healthtrust Subordinated Notes were issued as amended, supplemented or otherwise modified from time to time in accordance with Section 7.2.10.

"Existing Healthtrust Subordinated Notes" means the $500,000,000 aggregate principal amount of 10-3/4% Subordinated Notes due 2002 issued by the Borrower pursuant to the Existing Healthtrust Subordinated Note Indenture.

"Existing Subsidiaries" is defined in Section 6.8.

"Facility" means a general acute care hospital owned or leased by the Borrower or any of its Subsidiaries.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to

(a) the weighted average of the rates on overnight federal funds transaction with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York; or

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(b) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means the confidential fee letter, dated March 15, 1994, from Scotiabank, addressed to, and acknowledged and agreed to by, the Borrower.

"Fiscal Quarter" means any quarter of a Fiscal Year.

"Fiscal Year" means any period of twelve consecutive calendar months ending August 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "1994 Fiscal Year") refer to the Fiscal Year ending on the August 31 occurring during such calendar year.

"F.R.S. Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP" is defined in Section 1.4.

"Good Faith Contest" means the contest of any dispute or inquiry if (a) the dispute or inquiry is diligently contested in good faith by appropriate proceedings timely instituted; (b) adequate reserves are established with respect to the contested dispute or inquiry; (c) during the period of such contest, the enforcement of the contested item is effectively stayed and (d) the failure to pay or comply with the contested item during the period of such contest is not reasonably likely to result in a Material Adverse Effect.

"Hazardous Material" means

(a) any "hazardous substance", as defined by CERCLA;

(b) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended;

(c) any petroleum or crude oil or any fraction thereof;

(d) any asbestos in any form or condition;

(e) any polychlorinated biphenyls in any form or condition;

(f) any radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. 2011 et seq.;

(g) any sediment which would be considered toxic, hazardous or contaminated under any Environmental Law; or

(h) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within

the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended or hereafter amended.

"Health Care JV's" means a joint venture which is a provider of medical, surgical or other health care services or any business related to the business of the Borrower or its Subsidiaries but is not the owner or lessee of a Facility.

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under any Rate Protection Agreement.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other

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Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

"Holy Cross" has the meaning set forth in the fourth recital.

"Hospital Exchanges" means any sale, transfer, lease, contribution, conveyance or other exchange (collectively, an "Exchange") to or with a Person of a Facility in an Exchange of a like nature for a general acute care hospital of such Person or its Affiliate to the Borrower or any of its Subsidiaries, whether in a single transaction or a series of related transactions; provided, however, that

(a) no Default shall have occurred or be continuing either immediately prior to such Exchange or after giving effect thereto;

(b) the general acute care hospital and other consideration which the Borrower or its Subsidiaries receives as a result of such Exchange is, unless otherwise consented to by the Required Lenders, of an equal or greater value (as determined by the Borrower in its reasonable judgment which determination with respect to a Hospital Exchange in a single transaction or series of related transactions has a value in excess of $50,000,000 shall be evidenced by a resolution of the Borrower's board of directors) than the general acute care hospital transferred and other consideration given by the Borrower or its Subsidiary in such Exchange;

(c) the reciprocal Exchange of a general acute care hospital is made to or from (as the case may be) the

Borrower or its Subsidiary within three months of the initial Exchange; and

(d) after giving effect to such Exchange, the Borrower shall be in compliance with Section 7.2.4, calculated on a pro forma basis as if such Exchange had occurred at the beginning of the applicable calculation period.

"Impermissible Qualification" means, relative to the opinion or certification of any independent public accountant as to any financial statement of any Obligor, any qualification or exception to such opinion or certification

(a) which is of a "going concern" or similar nature;

(b) which relates to the limited scope of examination of matters relevant to such financial statement not in accordance with generally accepted auditing standards; or

(c) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause such Obligor to be in default of any of its obligations under Section 7.2.4.

"Including" means including without limiting the generality of any description preceding such term.

"Indebtedness" of any Person means, without duplication:

(a) all indebtedness of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person;

(c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capitalized Lease Liabilities;

(d) if included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services which purchase price is due more than six months from the date of incurrence of the obligation in respect thereof, and indebtedness (excluding prepaid interest thereon) secured by a Lien on

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property owned by such Person (including indebtedness

arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; provided, however, that in the case of any indebtedness described in this clause (d) which is neither assumed by such Person nor recourse to the credit of such Person, the amount of such indebtedness shall be deemed to be an amount equal to the lesser of the principal amount of such indebtedness and the aggregate book value of the property and assets of such Person securing such indebtedness; and

(e) all Contingent Liabilities of such Person in respect of any type of indebtedness described in clauses (a) through (d).

For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any majority-owned partnership or majority-owned joint venture in which such Person is a general partner, but shall not include the Indebtedness of any minority-owned partnership or minority-owned joint venture in which such Person is a general partner.

"Indemnified Liabilities" is defined in Section 10.4.

"Indemnified Parties" is defined in Section 10.4.

"Indentures" means, collectively, the CMO Indenture, the EPIC 10-7/8% Senior Subordinated Indenture, the EPIC 12% Senior Deferred Coupon Note Indenture, the Existing Healthtrust Subordinated Note Indenture and the Existing Healthtrust Subordinated Debenture Indenture.

"Interest Coverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio computed for the period of four consecutive Fiscal Quarters, ending on the close of such Fiscal Quarter (or, if less, for the period of such lesser number of whole Fiscal Quarters to have elapsed since the Closing Date) of:

(a) EBITDA for such period

to

(b) Net Interest Expense for such period.

"Interest Expense" means, for any period, the aggregate consolidated interest expense of the Borrower and its Subsidiaries for such period, including, without duplication, all fees owed with respect to and all net payments in respect of Hedging Obligations, commitment fees owed with respect to the Commitments, fees owed with respect to Letters of Credit but excluding the amortization or write-off of deferred loan costs.

"Interest Income" means, for any period, the aggregate consolidated interest income of the Borrower and its Subsidiaries for such period.

"Interest Period" means, relative to any LIBO Rate Loans, the period beginning on (and including) the date on which such LIBO Rate Loan is made or continued as, or converted into, a LIBO Rate Loan pursuant to Section 2.5 or 2.6 and shall end on (but exclude) the day which numerically corresponds to such date one, two, three, six and, if available (in the judgment of the Administrative Agent), nine or twelve months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month), in each case as the Borrower may select in its relevant notice pursuant to Section 2.5 or 2.6; provided, however, that

(a) the Borrower shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than ten different dates; provided, however, that if any Loans have Interest Periods of the same duration and ending on the same date, there shall be deemed to be one Interest Period for all such Loans;

(b) if such Interest Period would otherwise end on a day

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which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day); and

(c) no Interest Period may end later than the Stated Maturity Date.

"Inverse Order Amount" is defined in Section 3.1.5.

"Investment" means (i) any investment in any Person, whether by means of share purchase, capital, equity or similar contribution, loan, advance, time deposit or otherwise (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), (ii) without duplication of clause (i), becoming a party to any joint venture or partnership or (iii) without duplication of clause (i) or (ii), an acquisition (whether by purchase, lease or otherwise) of a Facility or any Person owning, leasing or managing a Facility whether through share purchase or otherwise; provided, however, that the term "Investment" shall not include the contribution of an asset which is not a Facility by the Borrower to a not-for-profit corporation or other not-for-profit entity. The amount of any Investment shall be the original principal or capital amount

thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the book value of such property.

"Issuance Request" means an issuance request duly completed and executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit B hereto.

"Issuer" means, with respect to each Letter of Credit, the Lender which agrees, or is otherwise obligated, to issue such Letter of Credit as provided in Section 2.8.7.

"JV Subsidiary" means any Subsidiary of the Borrower which is a joint venture.

"Lender Assignment Agreement" means a Lender Assignment Agreement substantially in the form of Exhibit D hereto.

"Lenders" is defined in the preamble.

"Letter of Credit" means an irrevocable standby letter of credit issued by an Issuer in form and substance satisfactory to such Issuer.

"Letter of Credit Outstandings" means, on any date, an amount equal to the sum (without duplication) of

(a) the then aggregate amount which is undrawn and available under all Letters of Credit issued and outstanding for the account of the Borrower

plus

(b) the then aggregate amount of all unpaid and outstanding Reimbursement Obligations of the Borrower.

"LIBO Rate" means, relative to any Interest Period for a LIBO Rate Loan, the rate of interest equal to the average (rounded upwards, if necessary, to the nearest 1/100 of 1%) of the rates per annum at which Dollar deposits in immediately available funds are offered to each Reference Lender's LIBOR Office in the London interbank market as at or about 11:00 a.m., London time, two Business Days prior to the beginning of such Interest Period for delivery on the first day of such Interest Period, and in an amount approximately equal to the amount of such Reference Lender's LIBO Rate Loan and for a period approximately equal to such Interest Period.

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"LIBO Rate Loan" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a fixed rate of interest determined by reference to the LIBO Rate (Reserve Adjusted).

"LIBO Rate (Reserve Adjusted)" means, relative to any Loan to be made, continued or maintained as, or converted into, a LIBO Rate Loan for any Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined pursuant to the following formula:

$$\text{LIBO Rate (Reserve Adjusted)} = \frac{\text{LIBO Rate}}{1.00 - \text{LIBOR Reserve Percentage}}$$

The LIBO Rate (Reserve Adjusted) for any Interest Period for a LIBO Rate Loan will be determined by the Administrative Agent on the basis of the LIBOR Reserve Percentage in effect on the date which is, and the applicable rates furnished to and received by the Administrative Agent from the Reference Lenders, two Business Days before the first day of such Interest Period.

"LIBOR Office" means, relative to any Lender, the office of such Lender designated as such below its signature hereto or designated in the Lender Assignment Agreement or such other office of a Lender as designated from time to time by notice from such Lender to the Borrower and the Administrative Agent, whether or not outside the United States, which shall be making or maintaining LIBO Rate Loans of such Lender hereunder.

"LIBOR Reserve Percentage" means, relative to any Interest Period for a LIBO Rate Loan, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of and including "Eurocurrency Liabilities", as currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Interest Period.

"Lien" means any security interest, mortgage, financing lease (other than where the Borrower or a Subsidiary of the Borrower is the lessor), pledge, hypothecation, assignment, deposit arrangement, encumbrance of any kind (including any conditional sale or title retention agreement (other than where the Borrower or any of its Subsidiaries is the seller)), lien (statutory or otherwise) or any agreement to give any security interest.

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"Loan" means, as the context may require, either a Revolving Loan, a Delayed Term Loan or a Term Loan of any type.

"Loan Document" means this Agreement, the Borrower Stock Pledge Agreement, the Subsidiary Guaranty, the Subsidiary Stock Pledge Agreement, the Rate Protection Agreements, if any, the Fee Letter and the Commitment Letter.

"Material Adverse Effect" means a material adverse effect on (i) the business, operations, properties, assets or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, (ii) the ability of the Borrower to perform its Obligations or (iii) the ability of one or more Subsidiaries of the Borrower, which Subsidiaries, individually or in the aggregate, account for more than 10.0% of the consolidated net revenues or more than 10.0% of the consolidated net assets of the Borrower (as calculated as of the Closing Date until August 31, 1994 and thereafter for the Borrower's most recent Fiscal Year end) to perform their respective Obligations.

"Maximum Rate Modifier" has the meaning assigned to that term in the definition of "Applicable Rate Modifier."

"Memorandum" means the confidential memorandum dated March 1994 relating to the Transaction distributed to the Lenders.

"Memorial" has the meaning set forth in the fifth recital.

"Minority Subsidiaries" means, at any time, those Subsidiaries of the Borrower which do not individually or in the aggregate account for more than 10% of the consolidated net revenues or more than 10% of the consolidated net assets of the Borrower and its Subsidiaries (in each case as calculated on the Closing Date and thereafter for the Borrower's most recent Fiscal Year end);

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provided, however, that in making such determination (i) EPIC and its Subsidiaries shall be excluded from such calculation for the period commencing on the Closing Date and ending on the 90th day after the Closing Date and (ii) EPIC Properties, Inc. shall be excluded from such calculation until such time that all of the CMOs have been redeemed or otherwise retired.

"Minority Venture" means any entity which owns a general acute care hospital or Other Health Care Facility or is a Health Care JV, which entity is not a Subsidiary of the Borrower.

"Net Accounts Proceeds" means, with respect to the Borrower or any of its Subsidiaries in connection with the sale or disposition (collectively, a "Disposition") of the type described in clause (d) of the definition of "Permitted Disposition", the excess of

(a) the gross cash and Cash Equivalent proceeds received from such Disposition of Accounts

less

(b) all reasonable fees, commissions, discounts, costs and other expenses incurred in connection with such Disposition, including, without limitation, legal, investment banking, accounting and other professional fees, disbursements and expenses and all taxes actually paid or estimated (in good faith) in connection with such Disposition of Accounts which have not been paid to Affiliates of the Borrower or any of its Subsidiaries (other than customary fees on terms no less favorable to the Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction in connection with such Disposition); provided, however, that if the amount of estimated taxes referred to above for any such Disposition, if any, exceeds the amount of taxes actually paid in cash in respect of such sale for the Fiscal Year in which such Disposition occurred, the aggregate amount of such excess shall be immediately applied in accordance with Section 3.1.5 as Net Accounts Proceeds.

"Net Debt Proceeds" means, with respect to the Borrower or any of its Subsidiaries in connection with the incurrence of any Refunding Indebtedness permitted under clause (a) of Section 7.2.2, the excess of

(a) the gross cash proceeds received from such Indebtedness

less

(b) all reasonable fees, commissions, discounts, costs and other expenses incurred in connection with such Indebtedness, including without limitation, fees and expenses with respect to underwriting or placement commissions, legal, investment banking, accounting and other professional fees, disbursements and expenses and any governmental fees which have not been paid to Affiliates of the Borrower or any of its Subsidiaries (other than customary fees on terms no less favorable to the Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction in connection with such Indebtedness).

"Net Disposition Proceeds" means, with respect to (x) any disposition of the type described in clause (b), (c) or (e) of, or the proviso contained in, the definition of "Permitted Disposition", or (y) any cash or Cash Equivalent consideration received by the Borrower or any of its Subsidiaries in connection with a Hospital Exchange, the excess of

(a) the gross cash and Cash Equivalent proceeds received as a result of such Permitted Disposition

less

(b) all reasonable fees and expenses with respect to legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements actually incurred in connection with such Permitted Disposition and all taxes actually paid or estimated (in good faith) in connection with such Permitted Disposition which have

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not been paid to Affiliates of the Borrower or any of its Subsidiaries (other than customary fees on terms no less favorable to the Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction in connection with such Permitted Disposition); provided, however, that if the amount of estimated taxes referred to above for any Permitted Disposition, if any, exceeds the amount of taxes actually paid in cash in respect of such Permitted Disposition for the Fiscal Year in which such Permitted Disposition occurred, the aggregate amount of such excess shall be immediately applied in accordance with Section 3.1.5 as Net Disposition Proceeds

less

(c) the amount of such cash proceeds that are to be used as all or part of the cash consideration to acquire general acute care hospitals or other healthcare businesses within one year of the date of the consummation of such Disposition (the "Acquisition Period"); provided, however, that if all or any part of such proceeds are not so used to acquire general acute care hospitals or other healthcare businesses during the relevant Acquisition Period then such unused proceeds shall be deemed to be Net Disposition Proceeds received by the Borrower or its Subsidiary, as the case may be, on the last day of such Acquisition Period and shall be immediately applied in accordance with Section 3.1.5.

"Net Equity Proceeds" means, with respect to the Borrower or any of its Subsidiaries in connection with the sale or issuance of any equity security, the excess of

(a) the gross cash and Cash Equivalent proceeds received from such sale or issuance

less

(b) all reasonable fees, commissions, discounts, costs and other expenses incurred in connection with such sale or issuance, including without limitation, fees and expenses with respect to underwriting or placement commissions, legal, investment banking, accounting and other professional fees, disbursements and expenses and any governmental fees which have not been paid to Affiliates of the Borrower or any of its Subsidiaries (other than customary fees on terms no less favorable to the Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction in connection with such sale or issuance).

"Net Income" means, for any period, all amounts which, in accordance with GAAP, would be included as net income on the consolidated statements of income of the Borrower and its Subsidiaries for such period; provided, however, that such amount shall exclude (i) extraordinary gains and extraordinary non-cash losses, (ii) non-cash gains and non-cash losses relating to asset sales, dispositions and write-downs and (iii) premiums, consent payments and similar expenses related to the Tenders and Consents.

"Net Interest Expense" means, for any period, an amount equal to Interest Expense for such period less Interest Income for such period.

"Net Worth" means, at any time, all amounts which, in accordance with GAAP, would be included under shareholders' equity on a consolidated balance sheet of the Borrower and its Subsidiaries at such time; provided, however, that if the Borrower has repurchased any of its Common Stock pursuant to clause (a)(iii) of Section 7.2.6, Net Worth shall include an amount equal to the lesser of (i) the amount of Common Stock the Borrower intends to contribute within the next twelve months pursuant to clause (a)(iii) of Section 7.2.6 to the extent that such contribution would receive recognition in accordance with GAAP if it were in fact contributed on the date of determination and (ii) 75% of the market value of the Borrower's Common Stock held in its treasury and available for any future planned contributions.

"1992 Credit Agreement" is defined in the first recital.

"Non-CMO Debt" means the EPIC 12% Senior Deferred Coupon Notes and the EPIC 10-7/8% Senior Subordinated Notes.

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"Note Offering" has the meaning set forth in the eighth recital.

"Notification Date" is defined in Section 2.8.

"Obligations" means all obligations (monetary or otherwise) of the Borrower and each other Obligor arising under or in connection with this Agreement, any Letter of Credit and each other Loan Document.

"Obligor" means the Borrower or any of its Subsidiaries party to and obligated under any Loan Document.

"Organic Document" means, relative to any corporate Obligor, its certificate of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements, in each case to which such Obligor is a party, applicable to any of its authorized shares of capital stock.

"Other Acquisitions" has the meaning set forth in the fifth recital.

"Other Health Care Facility" means a health care facility having inpatient capacity which is not a Facility.

"Other Tax Forms" is defined in Section 4.6.

"Other Transactions" has the meaning set forth in the fifth recital.

"Participant" is defined in Section 10.11.2.

"Payee" is defined in Section 4.6.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Pension Plan" means a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in section 4001(a)(3) of ERISA), and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"Percentage" means, relative to any Lender, the percentage for the applicable Commitment set forth opposite the name of such Lender on Schedule IV hereto or set forth in the Lender

Assignment Agreement, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreement(s) executed by such Lender and its assignee Lender(s) and delivered pursuant to Section 10.11.

"Permitted Disposition" means any sale, transfer, lease, contribution, conveyance or other disposition (collectively, a "Disposition") of, or the grant of options or warrants the exercise of which would constitute a Disposition of, any assets of the Borrower or any of its Subsidiaries, whether in a single transaction or a series of related transactions, to any Person, but only if

(a) such Disposition is either (i) made in the ordinary course of business of the Borrower or a Subsidiary of the Borrower (including, without limitation, the sale of Accounts to a collection agency or other entity, which Accounts such obligee determines cannot be collected by it or are more likely to be collected by the purchaser thereof), (ii) a Disposition from the Borrower to any of its wholly-owned Subsidiaries or a Subsidiary of the Borrower to the Borrower or to an Equivalent Subsidiary, (iii) a lease (on a short-term or long-term basis) to another Person of assets determined by the Borrower, in its reasonable judgment to be no longer useful or necessary in the operations or businesses of the Borrower and its Subsidiaries and the rental payments are not less than the fair market rental value for the assets subject to such lease, (iv) permitted by clause (a) of Section 7.2.8, (v) a Disposition (or series of related Dispositions) of assets having an aggregate fair market value equal to or less than $1,000,000, (vi) a contribution of assets made by the Borrower or any of its Subsidiaries permitted as an Investment pursuant to clauses (c) and (d) of Section 7.2.5 or (vii) a Hospital Exchange;

(b) such Disposition is made in connection with a sale

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and leaseback transaction involving the sale of capital assets of the Borrower or any of its Subsidiaries to a Person other than the Borrower or any of its Subsidiaries and (i) such sale of such capital assets is for an amount not less than the fair market value thereof, (ii) no Default shall have occurred or be continuing either immediately prior to such disposition or after giving effect thereto, (iii) the rental payments of the lease relative to such transaction shall not be greater than the fair market rental value (unless such lease constitutes a Capitalized Lease Liability) for the assets subject to such lease and (iv) in the case of a sale or in a related series of sales for an amount in excess of $15,000,000, at least 75% of the consideration for such sale shall be in cash;

(c) such Disposition is made with respect to (i) any Securities (other than Securities constituting Cash Equivalent Investments) of any of the Borrower's Subsidiaries, (ii) all or substantially all of the assets of any division or line of business of the Borrower or any of its Subsidiaries, (iii) one or more Facilities or (iv) any other asset which is not of the type described in clauses (a) or (b), or a division or line of business or any interest in any of the foregoing of the Borrower or any of its Subsidiaries; provided, however, that (i) with respect to any assets having a fair market value in excess of $1,000,000, any such sale or other disposition is made for at least the fair market value of such assets and (ii) any such Disposition of more than $25,000,000 in value of assets in any one transaction or a related series of transactions shall be permitted only if the Borrower's Board of Directors shall have adopted a resolution confirming that the consideration to be received in connection with such sale or other disposition is at least equal to the fair market value of such assets; provided, however, that upon the receipt by the Borrower of any cash in respect of any part of such non-cash consideration, such cash shall be immediately applied in accordance with Section 3.1.5 as Net Disposition Proceeds;

(d) such Disposition is made in respect of Accounts; provided, however, (i) the sole consideration for such Disposition is cash and Cash Equivalent Investments and (ii) if such Disposition is made with recourse to the Borrower, (x) the aggregate recourse liability, if any, of the Borrower in connection with any such Disposition (to the extent such liability relates to the failure of any account debtor with respect to any of such Accounts to make any payments in respect thereof) shall not exceed 10% of the face amount of the Accounts sold or otherwise disposed of, and (y) the consideration received by the Borrower and its Subsidiaries in connection with any such Disposition is not less than 90% of the face value of such Accounts; provided, further, however, that this Section shall not apply to any Disposition of Accounts if such Disposition is in connection with the Disposition of a Facility that is otherwise permitted by this Agreement;

(e) such Disposition is made in connection with an exchange or sale and acquisition of capital assets of the Borrower or any of its Subsidiaries to a Person other than the Borrower or any of its Subsidiaries and (i) such exchange or sale and acquisition of such capital assets is for an amount not less than the fair market value thereof and (ii) no Default shall have occurred or be continuing

either immediately prior to such disposition or after giving effect thereto; or

(f) the terms of the option or warrant so granted are for a Disposition which would constitute a Disposition of the type referred to in clause (a), (b), (c), (d) or (e) above;

provided, however, that (i) any Disposition (or series of related Dispositions) by any Minority Venture of assets having an aggregate fair market value equal to or greater than $1,000,000 shall constitute a "Permitted Disposition" hereunder and all cash dividends or cash returns of capital aggregating $1,000,000 or more received by the Borrower or any of its Subsidiaries in connection therewith shall be applied as Net Disposition Proceeds, (ii) the receipt by the Borrower or any of its Subsidiaries of non-cash consideration must comply with Section 7.2.5 and (iii) upon the receipt by the Borrower or any of its Subsidiaries of any cash in respect of any non-cash dividends or

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non-cash consideration, such cash shall, to the extent such cash constitutes Net Disposition Proceeds, be immediately applied in accordance with Section 3.1.5.

"Person" means any natural person, corporation, partnership, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan" means any Pension Plan or Welfare Plan.

"Pledge Agreements" means the Borrower Stock Pledge Agreement and the Subsidiary Stock Pledge Agreement, collectively.

"Pledged Shares" or "Pledged Stock" means any shares of stock pledged to the Collateral Agent pursuant to the Pledge Agreements.

"Prepayment Amount" is defined in Section 3.1.5.

"Principal Reduction Dates" means each date on which a scheduled principal payment of Term Loans or Delayed Term Loans, as the case may be, is due as set forth in Section 3.1.2 or Section 3.1.3 or, if such a date is not a Business Day, the immediately succeeding Business Day.

"Pro-Rata Amount" is defined in Section 3.1.5.

"Public Offering" has the meaning set forth in the eighth recital.

"Quarterly Payment Date" means the last Business Day of each March, June, September and December.

"Rate Protection Agreement" means any interest rate swap agreement, interest rate cap agreement or interest rate collar agreement, and any other agreement or arrangement designed to protect a Person against fluctuations in interest rates or currency exchange rates and entered into by the Borrower with any Lender hereunder.

"Reference Lenders" means Scotiabank and Citicorp USA, Inc. or such other Lenders as may be agreed to by the Borrower and the Required Lenders.

"Refund" with respect to any Indebtedness means, as the context may require, to purchase, repurchase, redeem, retire, defease or refinance any portion of such Indebtedness and "Refunded" and "Refunding" shall have correlative meanings.

"Register" is defined in Section 10.15.

"Registration Statement" has the meaning set forth in the eighth recital.

"Reimbursement Obligation" is defined in Section 2.8.3.

"Release" means a "release", as such term is defined in CERCLA.

"Replacement Event" means, with respect to any Lender, (i) if the Benchmark Securities of such Lender are rated by both Standard & Poor's Corporation ("S&P") and Moody's Investors Service, Inc. ("Moody's"; together with S&P, the "Primary Raters") (or, in the event that either of the Primary Raters does not then rate the Benchmark Securities of such Lender, if such Benchmark Securities are rated by one Primary Rater and by any other rating organization (an "Alternative Rater") whose ratings of securities of the same type as such Benchmark Securities are widely accepted in the financial and business community), the downgrading by both Primary Raters (or by the applicable Primary Rater and the Alternative Rater) of the Benchmark Securities of such Lender below a rating of BBB- or Baa3 (or the equivalent rating of such Alternative Rater), respectively or (ii) if the Benchmark Securities of such Lender are rated by only one Primary Rater or only by an Alternative Rater, the downgrading by such Primary Rater or such Alternative Rater, as the case may be, of the Benchmark Securities of such Lender below a rating of BBB- or Baa3 (or the equivalent rating of the Alternative Rater), respectively.

"Replacement Event Lender" is defined in clause (b) of Section 4.12.

"Replacement Lender" is defined in Section 4.11.

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"Replacement Notice" is defined in Section 4.11.

"Required Lenders" means Lenders holding in excess of 50% of the aggregate principal amount of the Loans and the unborrowed Revolving Loan Commitments and Delayed Term Loan Commitments, or, if no Loans are outstanding, Lenders having in excess of 50% of the aggregate Commitments.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as in effect from time to time.

"Revolving Loan" is defined in Section 2.1.3.

"Revolving Loan Commitment" means, relative to any Lender having a Revolving Loan Commitment, such Lender's obligation to make Revolving Loans pursuant to Section 2.1.3.

"Revolving Loan Commitment Amount" means, on any date, $400,000,000; provided, however, that such amount shall be reduced from time to time pursuant to Section 2.4.

"Revolving Loan Commitment Availability" means at any time the Revolving Loan Commitment Amount less, at such time, (i) the aggregate principal amount of Revolving Loans and (ii) Letter of Credit Outstandings.

"Revolving Loan Commitment Termination Date" means the earlier to occur of

(a) 5:00 p.m., New York City time, on June 1, 2001; and

(b) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described in clause (b), the Revolving Loan Commitments shall terminate automatically and without any further action.

"Scotiabank" is defined in the preamble.

"Securities" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured,

convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"Solvent", as applied to any Person, means, as at the date of determination, that (i) the then fair saleable value of the property of such Person is (A) greater than the total amount of liabilities (including Contingent Liabilities) of such Person and (B) greater than the amount that will be required to pay the probable liabilities of such Person's then existing debts as they become absolute and matured, (ii) such Person's capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction and (iii) such Person does not intend to incur, or does not believe or should not reasonably believe that it will incur, debts beyond its ability to pay such debts as they become due.

"Stated Amount" for any Letter of Credit on any day means the amount which is undrawn and available under such Letter of Credit on such day (after giving effect to any drawings thereon on such day).

"Stated Expiry Date" is defined in Section 2.8.

"Stated Maturity Date" means for each Loan, June 1, 2001, as such date for any such Loan may be adjusted pursuant to Sections 2.4 and 3.1.

"Subordinated Debt" means (i) the Subordinated Notes, the Existing Healthtrust Subordinated Notes, the Existing Healthtrust Subordinated Debentures, the EPIC 10-7/8% Senior Subordinated Notes and the EPIC 12% Senior Deferred Coupon Notes and (ii) all other unsecured Indebtedness of the Borrower for money borrowed which is subordinated, upon terms satisfactory to the Administrative Agent and the Required Lenders, in right of payment to the payment in full in cash of all Obligations.

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"Subordinated Notes" means the $200,000,000 aggregate principal amount of Subordinated Notes issued by the Borrower pursuant to the Existing Healthtrust Subordinated Note Indenture.

"Subsidiary" means, with respect to any Person, (i) any for profit corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more

other Subsidiaries of such Person, or (ii) any for profit partnership, joint venture or other entity as to which such Person, such Person and one or more of its Subsidiaries or one or more Subsidiaries of such Person has or have the power to direct or cause the direction of management and policies, or the power to elect the managing general partner (or the equivalent), of such partnership, joint venture or other entity, as the case may be; provided, however, that no Plan shall be deemed a Subsidiary of the Borrower.

"Subsidiary Guarantor" means, on the Closing Date, each Subsidiary of the Borrower (other than EPIC and its Subsidiaries and the JV Subsidiaries) party to the Subsidiary Guaranty, and, thereafter, each Subsidiary of the Borrower that is required pursuant to Section 7.1.9 to execute and deliver a guaranty in substantially the form of the Subsidiary Guaranty.

"Subsidiary Guaranty" means the Subsidiary Guaranty executed and delivered pursuant to Section 5.1.4, substantially in the form of Exhibit H hereto.

"Subsidiary Stock Pledge Agreement" means the Subsidiary Stock Pledge Agreement, executed and delivered pursuant to Section 5.1.5, substantially in the form of Exhibit I hereto.

"Supplemental Indentures" is defined in the third recital.

"Taxes" is defined in Section 4.6.

"Tender" is defined in the third recital.

"Tennessee Acquisition" has the meaning set forth in the fourth recital.

"Tennessee Purchase Agreement" has the meaning set forth in the fourth recital.

"Term Loan" is defined in Section 2.1.1.

"Term Loan Commitment" means, relative to any Lender having a Term Loan Commitment, such Lender's obligation to make Term Loans pursuant to Section 2.1.1.

"Term Loan Commitment Amount" means, on any date, $415,000,000.

"Term Loan Commitment Termination Date" means the earliest of

(a) June 30, 1994 (if the Term Loans have not been made on or prior to such date);

(b) the date immediately following the Closing Date; and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described in clauses (b) or (c), the Term Loan Commitments shall terminate automatically and without any further action.

"Total Debt to EBITDA Coverage Ratio" means, as at any date of determination thereof, the ratio of (a) the total principal amount of consolidated Indebtedness of the Borrower and its Subsidiaries outstanding on such date of determination to (b) EBITDA for the four consecutive Fiscal Quarter period ending on or prior to such date of determination (or for such lesser number of whole Fiscal Quarters which have ended since the Closing Date

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on an annualized basis).

"Transaction" means, collectively, the Public Offering, the Note Offering, together with the refinancing of amounts outstanding under the Existing Credit Agreement, the EPIC Transaction and the Other Transactions.

"type" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

"United States" or "U.S." means the United States of America, its fifty States and the District of Columbia.

"Welfare Plan" means a "welfare plan", as such term is defined in Section 3(1) of ERISA.

SECTION 1.2. Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in the Disclosure Schedule and in each Note, Borrowing Request, Issuance Request, Continuation/Conversion Notice, Closing Date Certificate, Compliance Certificate, Confidentiality Agreement, Acknowledgment, Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

SECTION 1.3. Cross-References. Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article,

Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4. Accounting and Financial Determinations. Unless otherwise specified, (i) all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder (including under Section 7.2.4) shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with, those generally accepted accounting principles ("GAAP") applied in the preparation of the financial statements referred to in Section 6.5 and (ii) except as otherwise expressly provided, all accounting determinations and computations hereunder or under any other Loan Documents (including under Section 7.2.4) shall be made without duplication and on a consolidated basis for the Borrower and its Subsidiaries.

ARTICLE II

COMMITMENTS, BORROWING PROCEDURES, LETTERS OF CREDIT AND REGISTER

SECTION 2.1. Commitments. On the terms and subject to the conditions of this Agreement (including Article V), (i) each Lender severally agrees to make Loans pursuant to the Commitments described in this Section 2.1 and (ii) the Issuer agrees that it will issue Letters of Credit pursuant to Section 2.1.4, and each other Lender having a Revolving Loan Commitment severally agrees that it will purchase participation interests in such Letters of Credit pursuant to Section 2.8.1.

SECTION 2.1.1. Term Loan Commitment. On the Closing Date, but in no event on or after the Term Loan Commitment Termination Date, each Lender having a Term Loan Commitment will make Loans (relative to such Lender, its "Term Loans") to the Borrower in a single Borrowing equal to such Lender's Percentage of the aggregate amount of the Borrowing of Term Loans requested by the Borrower to be made on such day. The Commitment of each Lender described in this Section 2.1.1 is herein referred to as its "Term Loan Commitment". No amounts paid or prepaid with respect to Term Loans may be reborrowed.

SECTION 2.1.2. Delayed Term Loan Commitment. From time to time on any Business Day occurring on or after the Closing Date and prior to the Delayed Term Loan Commitment Termination Date, each Lender having a Delayed Term Loan Commitment will make Loans (relative to such Lender, its "Delayed Term Loans") to the Borrower equal to such Lender's Percentage of the aggregate amount of the Borrowing of Delayed Term Loans requested by the

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Borrower to be made on such day. The Commitment of each Lender described in this Section 2.1.2 is herein referred to as its "Delayed Term Loan Commitment". No amounts paid or prepaid with respect to Delayed Term Loans may be reborrowed.

SECTION 2.1.3. Revolving Loan Commitment. From time to time on any Business Day occurring on or after the Closing Date and prior to the Revolving Loan Commitment Termination Date, each Lender having a Revolving Loan Commitment will make Loans (relative to such Lender, its "Revolving Loans") to the Borrower equal to such Lender's Percentage of the aggregate amount of the Borrowing of the Revolving Loans requested by the Borrower to be made on such day. The Commitment of each Lender described in this Section 2.1.3 is herein referred to as its "Revolving Loan Commitment". On the terms and subject to the conditions hereof, the Borrower may from time to time borrow, prepay and reborrow the Revolving Loans.

SECTION 2.1.4. Letter of Credit Commitments. From time to time on any Business Day occurring on or after the Closing Date occurring not less than 30 days prior to the Revolving Loan Commitment Termination Date, an Issuer will

(a) issue one or more Letters of Credit for the account of the Borrower in Stated Amounts requested by the Borrower on such day; or

(b) extend the Stated Expiry Date of an existing Letter of Credit previously issued by such Issuer hereunder.

SECTION 2.2. Lenders Not Permitted or Required to Make Loans. No Lender shall be permitted or required to make any Loan of the kind and under the circumstances described below in this Section 2.2.

SECTION 2.2.1. Term Loans. No Borrowing of Term Loans shall be made if, after giving effect to such Borrowing, the aggregate outstanding principal amount of all Term Loans of all Lenders having Term Loan Commitments would exceed the Term Loan Commitment Amount.

SECTION 2.2.2. Delayed Term Loans. No Borrowing of Delayed Term Loans shall be made if, after giving effect to such Borrowing, the aggregate outstanding principal amount of all Delayed Term Loans of all Lenders having Delayed Term Loan Commitments would exceed the Delayed Term Loan Commitment Amount.

SECTION 2.2.3. Revolving Loans. No Borrowing of Revolving Loans shall be made if, after giving effect to such Borrowing, the sum of the aggregate outstanding principal amount of all Revolving Loans of all Lenders having Revolving Loan Commitments

plus the aggregate amount of all Letter of Credit Outstandings would exceed the Revolving Loan Commitment Amount.

SECTION 2.2.4. All Loans. No Loan shall be made by any Lender under any Commitment if, after giving effect thereto, the aggregate outstanding principal amount of (i) all such Loans by such Lender and (ii) with respect to the Revolving Loan Commitments, Letter of Credit Outstandings of such Lender would exceed such Lender's Percentage of the Commitment Amount relative to such Commitment.

SECTION 2.3. Issuer Not Permitted or Required to Issue Letters of Credit. No Issuer shall be permitted or required to issue, or extend the Stated Expiry Date of, any Letter of Credit if, after giving effect thereto, either (i) the aggregate amount of all Letter of Credit Outstandings would exceed the lesser of (A) the then Revolving Loan Commitment Amount less the then aggregate amount of outstanding Revolving Loans and (B) $150,000,000 or (ii) the term of such Letter of Credit would extend beyond one Business Day prior to the Stated Maturity Date.

SECTION 2.4. Reduction of the Commitment Amounts. (a) The Borrower may, from time to time on any Business Day, voluntarily reduce the Revolving Loan Commitment Amount and the Delayed Term Loan Commitment Amount; provided, however, that (i) all such reductions shall require at least two Business Days' prior written notice to the Administrative Agent and be permanent, and (ii) any partial reduction of any such Commitment Amount shall be in a minimum amount of $5,000,000 and in an integral multiple of $1,000,000.

(b) All Commitment Amounts shall be automatically reduced to $0 if the initial Credit Extension hereunder is not made on or prior to June 30, 1994.

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(c) On December 31, 1994 the unused Delayed Term Loan Commitment shall be automatically reduced by an amount, if positive, equal to $120,000,000 minus the aggregate principal amount of Delayed Term Loans used to Refund EPIC Redeemable Debt.

(d) On each date of payment or prepayment of Revolving Loans required pursuant to Section 3.1.5 (regardless of whether there is a sufficient principal amount of Revolving Loans to be so prepaid) the Revolving Loan Commitment Amount will automatically be reduced by an amount equal to the amount of such prepayment.

(e) On or prior to the Delayed Term Loan Commitment Termination Date, the Delayed Term Loan Commitment will be reduced by an amount equal to the Net Debt Proceeds, Net Account Proceeds, Net Disposition Proceeds and Net Equity Proceeds not

used to prepay Loans pursuant to clauses (a) or (b) of Section 3.1.5.

SECTION 2.5. Borrowing Procedure. The Borrower may from time to time irrevocably request, by delivering a Borrowing Request to the Administrative Agent, (i) in the case of LIBO Rate Loans, not later than 12:00 Noon, New York City time, not less than three Business Days before a proposed Borrowing or (ii) in the case of Base Rate Loans, not later than 12:00 Noon, New York City time, not less than one Business Day before a proposed Borrowing, that a Borrowing be made in a minimum amount of $5,000,000 and an integral multiple of $1,000,000, or, in the unused amount of the applicable Commitment. Upon the receipt of each Borrowing Request, the Administrative Agent shall give prompt notice thereof to each Lender on the same day such Borrowing Request is received. On the terms and subject to the conditions of this Agreement, each Borrowing shall be comprised of the type of Loans, and shall be made on the Business Day, specified in such Borrowing Request. On or before 12:00 Noon, New York City time, on such Business Day, each Lender having a Commitment for the type of Loan being requested shall deposit with the Administrative Agent same day funds in an amount equal to such Lender's Percentage of the requested Borrowing. Such deposit will be made to an account maintained by the Administrative Agent which the Administrative Agent shall specify from time to time by notice to the Lenders. To the extent funds are received from the Lenders, the Administrative Agent shall make such funds available to the Borrower by wire transfer to the accounts the Borrower shall have specified in its Borrowing Request. No Lender's obligation to make any Loan shall be affected by any other Lender's failure to make any Loan.

SECTION 2.6. Continuation and Conversion Elections. By delivering a Continuation/Conversion Notice to the Administrative Agent on or before 12:00 Noon, New York City time, on a Business Day, the Borrower may from time to time irrevocably elect, on not less than three Business Days' notice that all, or any portion in an aggregate minimum amount of $5,000,000 and an integral multiple of $1,000,000, of any Loans, be, in the case of Base Rate Loans, converted into LIBO Rate Loans or, in the case of LIBO Rate Loans, be converted into a Base Rate Loan or continued as a LIBO Rate Loan of such type; provided, however, that (i) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of the applicable Lenders, and (ii) no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, LIBO Rate Loans when any Default has occurred and is continuing. Absent delivery of a Continuation/Conversion Notice with respect to any LIBO Rate Loan at least three Business Days before the last day of the then current Interest Period with respect thereto, such LIBO Rate Loan

shall, on such last day, automatically convert to a Base Rate Loan.

SECTION 2.7. Funding. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan; provided, however, that such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, affiliate or international banking facility. In addition, the Borrower hereby consents and agrees that, for purposes of any determination to be made for purposes of Section 4.1, 4.2, 4.3 or 4.4, it shall be conclusively assumed that each Lender elected to fund all LIBO Rate Loans by purchasing Dollar deposits in its LIBOR Office's interbank eurodollar market.

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SECTION 2.8. Letter of Credit Issuance Procedures. By delivering to the Administrative Agent an Issuance Request on or before 10:00 a.m., New York City time, the Borrower may from time to time request that an Issuer issue a Letter of Credit. Each such request shall be made on not less than two Business Days' notice (or such shorter period as may be agreed to by the Administrative Agent), and not less than 30 days prior to the Revolving Loan Commitment Termination Date. Upon receipt of an Issuance Request, the Administrative Agent shall promptly on the same day notify the applicable Issuer and each Lender having a Revolving Loan Commitment thereof. Each Letter of Credit shall by its terms be stated to expire (whether originally or after giving effect to any extension) on a date (its "Stated Expiry Date") no later than the earlier of (i) the one year anniversary of the date of issuance or extension of such Letter of Credit; provided, however, that, subject to clause (ii) below, this clause (i) shall not prevent an Issuer from agreeing that a Letter of Credit will automatically be renewed annually for a period not to exceed one year if the Issuer does not cancel such renewal; provided, further, that such Issuer shall deliver a written notice to the Administrative Agent setting forth the last day on which such Issuer may give notice that it will not extend (a "Notification Date" with respect to such Letter of Credit) at least ten Business Days prior to such Notification Date; provided, further, that, unless the Required Lenders otherwise consent, such Issuer shall give notice that it will not extend if it has knowledge that an Event of Default has occurred and is continuing on such Notification Date and (ii) three days prior to the Revolving Loan Commitment Termination Date. The Borrower and each Issuer of a Letter of Credit may amend or modify such Letter of Credit upon written notice to the Administrative Agent only; provided, however, that (A) any amendment constituting an

extension of such Letter of Credit's Stated Expiry Date shall comply with the provisions of the immediately preceding sentence and (B) any amendment constituting an increase in the Stated Amount of such Letter of Credit shall be deemed a request for the issuance of a new Letter of Credit and shall comply with the foregoing provisions of this paragraph.

Each Issuer will issue each Letter of Credit to be issued by it and will make available to the beneficiary thereof the original of such Letter of Credit.

The Administrative Agent, each of the Lenders and the Borrower agree that the letters of credit issued pursuant to the 1992 Credit Agreement that are listed in Schedule II hereto and outstanding as of the Closing Date shall for all purposes of this Agreement (other than with respect to fees or other charges payable upon the issuance of Letters of Credit pursuant to Section 3.3.2) be deemed to have been issued as Letters of Credit under and pursuant to the terms of this Agreement on the Closing Date and shall be given effect in any calculation of Letter of Credit Outstandings.

SECTION 2.8.1. Other Lenders' Participation. Automatically, and without further action, upon the issuance of each Letter of Credit (and, with respect to the letters of credit listed on Schedule II hereto, as of the Closing Date), each Lender having a Revolving Loan Commitment (other than the Issuer of such Letter of Credit) shall be deemed to have irrevocably purchased from such Issuer, to the extent of such Lender's Percentage of the Revolving Loan Commitment Amount, a participation interest in such Letter of Credit (including any Reimbursement Obligation and any other Contingent Liability with respect thereto), and such Lender shall, to the extent of its Percentage of such Revolving Loan Commitment Amount, be responsible for reimbursing promptly (and in any event within one Business Day after receipt of demand for payment from such Issuer, together with accrued interest from the day of such demand) such Issuer for any Reimbursement Obligation which has not been reimbursed in accordance with Section 2.8.3. In addition, such Lender shall, to the extent of its Percentage of the Revolving Loan Commitment Amount, be entitled to receive a ratable portion of the Letter of Credit participation fee payable pursuant to Section 3.3.2 with respect to each Letter of Credit and a ratable portion of any interest payable pursuant to Section 2.8.2 and Section 3.2.2 and, if entitled thereto, a ratable portion of any principal payment made by the Borrower.

SECTION 2.8.2. Disbursements. Subject to the terms and provisions of each Letter of Credit and this Agreement, upon presentment of any Letter of Credit to the Issuer thereof for payment, such Issuer shall make such payment to the beneficiary

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(or its designee) of such Letter of Credit on the date designated for such payment (the "Disbursement Date"). Such Issuer will promptly notify the Borrower and each of the Lenders having a Revolving Loan Commitment and, if such Issuer is not Scotiabank, the Administrative Agent, of the presentment for payment of any such Letter of Credit, together with notice of the Disbursement Date thereof. Prior to 12:00 noon, New York City time, on the next Business Day following the Disbursement Date, the Borrower will reimburse the Administrative Agent, for the account of such Issuer, for all amounts disbursed under such Letter of Credit, together with all interest accrued thereon since the Disbursement Date. To the extent the Administrative Agent does not receive payment in full, on behalf of the Issuer, in accordance with the third sentence of this Section, the Borrower's Reimbursement Obligation shall accrue interest at a fluctuating rate determined by reference to the Alternate Base Rate plus 1/2 of 1%, plus or minus the Applicable Rate Modifier, if any (for one day following the Disbursement Date), and thereafter at the Alternate Base Rate plus an additional margin of 2.75% per annum, payable on demand. In the event the Borrower fails to notify the Administrative Agent and the Issuer prior to 12:00 noon, New York City time, on the Disbursement Date that the Borrower intends to pay the Administrative Agent, for the account of the Issuer, for the amount of such drawing with funds other than proceeds of Revolving Loans, or the Administrative Agent does not receive such reimbursement payment from the Borrower prior to 12:00 noon, New York City time, on the next Business Day following the Disbursement Date (or if the Issuer must for any reason return or disgorge such reimbursement), the Lenders (including the Issuer) shall, on the terms and subject to the conditions of this Agreement, fund the Reimbursement Obligation therefor by making, on the next Business Day, Revolving Loans which are Base Rate Loans as provided in Section 2.1.3 (the Borrower being deemed to have given a timely Borrowing Request therefor for such amount); provided, however, that for the purpose of determining the availability of any unused Revolving Loan Commitment Amount immediately prior to giving effect to the application of the proceeds of such Revolving Loans, such Reimbursement Obligation shall be deemed not to be outstanding at such time and, if entitled thereto, a ratable portion of any payment made by the Borrower.

SECTION 2.8.3. Reimbursement. The obligation (the "Reimbursement Obligation") of the Borrower under Section 2.8.2 to reimburse an Issuer with respect to each disbursement under a Letter of Credit (including interest thereon), and, upon the failure of the Borrower to reimburse such Issuer, the obligation of each Lender having a Revolving Loan Commitment to reimburse such Issuer, shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower or such Lender, as the case

may be, may have or have had against an Issuer or any Lender, including any defense based upon the failure of any disbursement under a Letter of Credit to conform to the terms of the applicable Letter of Credit (if, in the applicable Issuer's good faith opinion, such disbursement is determined to be appropriate) or any non-application or misapplication by the beneficiary of the proceeds of such Letter of Credit; provided, however, that nothing herein shall require the Borrower or such Lender, as the case may be, to reimburse the applicable Issuer for any wrongful disbursement made by such Issuer under a Letter of Credit as a result of acts or omissions determined by a court of competent jurisdiction to constitute gross negligence or wilful misconduct on the part of such Issuer.

SECTION 2.8.4. Deemed Disbursements. Upon the occurrence and during the continuation of any Event of Default of the type described in Section 8.1.9 or, with notice from the Administrative Agent, upon the occurrence and during the continuation of any other Event of Default, an amount equal to the then aggregate amount of each Letter of Credit which is undrawn and available under all issued and outstanding Letters of Credit shall, without demand upon or notice to the Borrower, be deemed to have been paid or disbursed by the Issuer under such Letters of Credit (notwithstanding that such amount may not in fact have been so paid or disbursed) and the Borrower shall be immediately obligated to pay to the Issuer of each Letter of Credit an amount equal to such amount. Any amounts so payable by the Borrower pursuant to this Section shall be deposited in cash with the Administrative Agent and held as cash collateral security for payment of Obligations arising in connection with such Letter of Credit. At such time when such Event of Default shall have been cured or waived (and provided no other Default has occurred and is continuing and the Obligations have not been accelerated pursuant to Section 8.2 or 8.3), the Administrative Agent shall promptly return to the Borrower all amounts then on

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deposit with the Administrative Agent pursuant to this clause (including accrued interest), net of any amount (including accrued interest) applied to the payment of any Obligations.

SECTION 2.8.5. Nature of Reimbursement Obligations. The Borrower and, to the extent set forth in Section 2.8.1, each Lender shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. No Issuer (except to the extent of its own gross negligence or wilful misconduct) shall be responsible for:

(a) the form, validity, sufficiency, accuracy, genuineness or legal effect of any Letter of Credit or any document submitted by any party in connection with the application for and issuance of a Letter of Credit, even if

it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;

(b) the form, validity, sufficiency, accuracy, genuineness or legal effect of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or the proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason;

(c) failure of the beneficiary to comply fully with conditions required in order to demand payment under a Letter of Credit;

(d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, telecopy or otherwise; or

(e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a disbursement under a Letter of Credit.

None of the foregoing shall affect, impair or prevent the vesting of any of the rights or powers granted to the Issuer or any Lender hereunder. In furtherance and extension and not in limitation or derogation of any of the foregoing, any action taken or omitted to be taken by any Issuer in good faith (and not constituting gross negligence or willful misconduct) shall be binding upon the Borrower and each Lender, and shall not put such Issuer under any resulting liability to the Borrower, or any Lender, as the case may be.

SECTION 2.8.6. Increased Letter of Credit Costs. If by reason of any change after the date hereof in applicable law, regulation, rule, decree or regulatory requirement or any change after the date hereof in the interpretation or application by any judicial or regulatory authority of any law, regulation, rule, decree or regulatory requirement, or compliance by any Issuer or any Lender with any direction, request or requirement (whether or not having the force of law) of any governmental or monetary authority, including Regulation D of the F.R.S. Board:

(a) any Issuer or any Lender shall be subject to any tax, levy, charge or withholding (other than (i) Taxes and Excluded Taxes and (ii) taxes on net income and franchise taxes) of any nature or to any variation thereof or to any penalty with respect to the maintenance or fulfillment of its obligations under this Section 2.8, whether directly or by being indirectly suffered by such Issuer or any Lender;

(b) any reserve, deposit or similar requirement is or shall be applicable, imposed or modified in respect of any Letters of Credit issued by any Issuer or participations therein purchased by any Lender or any commitment with respect thereto; or

(c) there shall be imposed on any Issuer or any Lender any other condition regarding this Section 2.8, any Letter of Credit or any participation therein;

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and the result of the foregoing is directly or indirectly to increase the cost to such Issuer or such Lender of issuing, making or maintaining any Letter of Credit or of purchasing or maintaining any participation therein, or to reduce any amount receivable in respect thereof by such Issuer or such Lender, then and in any such case such Issuer or such Lender may, at any time within a reasonable period after the additional cost is incurred or the amount received is reduced, notify the Borrower thereof, and the Borrower shall pay, within five days of its receipt of such notice, such amounts as such Issuer or Lender may specify to be necessary to compensate such Issuer or Lender for such additional cost or reduced receipt, together with interest on such amount from the date demanded until such payment is due at a rate equal at all times to the Alternate Base Rate plus 1/2 of 1% per annum, plus or minus the Applicable Rate Modifier, if any. The determination by such Issuer or Lender, as the case may be, of any amount due pursuant to this Section, as set forth in a statement setting forth the calculation thereof, in reasonable detail, shall, in the absence of manifest error, be final and conclusive and binding on all of the parties hereto.

SECTION 2.8.7. Determination of the Issuer. (a) Upon the receipt by the Administrative Agent of an Issuance Request requesting the issuance of a Letter of Credit, in the event the Administrative Agent elects to issue such Letter of Credit, the Administrative Agent shall promptly so notify the Borrower, and the Administrative Agent shall be the Issuer with respect thereto. In the event that the Administrative Agent, in its sole discretion, elects not to issue such Letter of Credit, the Administrative Agent shall promptly so notify the Borrower and the Borrower may request any other Lender to issue such Letter of Credit; provided, however, that anything contained in this Agreement to the contrary notwithstanding, there shall not be more than three Issuers (not including the Administrative Agent in its capacity as an Issuer) with Letters of Credit outstanding at any one time. Any such Lender so requested to issue such Letter of Credit shall promptly notify the Borrower and the Administrative Agent whether, in its sole discretion, it has elected to issue such Letter of Credit, and any such Lender which so elects to issue such Letter of Credit shall be the Issuer with respect thereto. In the event that all other Lenders shall have

declined to issue such Letter of Credit (or, if there are already three Issuers (other than the Administrative Agent) and all three such Issuers have declined to issue such Letter of Credit), notwithstanding the prior election of the Administrative Agent not to issue such Letter of Credit, the Administrative Agent shall be obligated to issue the Letter of Credit requested by the Borrower and shall be the Issuer with respect to that Letter of Credit.

(b) Each Issuer which elects to issue a Letter of Credit shall promptly give written notice to the Administrative Agent and each other Lender of the information required under Section 2.8.2 relating to such Letter of Credit.

(c) Upon satisfaction or waiver of the conditions set forth in Article V, the Issuer shall issue the requested Letter of Credit in accordance with the Issuer's standard operating procedures.

SECTION 2.9. Register. (a) The Administrative Agent will record in the Register Term Loan Commitments, Delayed Term Loan Commitments, Revolving Loan Commitments, Term Loans, Delayed Term Loans, Revolving Loans and Letters of Credit from time to time of each Lender and each payment in respect thereof. Any such recordation shall be conclusive and binding on the Borrower, absent manifest error. Failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's Obligations in respect of such Loans or the Letters of Credit.

(b) Each Lender will record in its internal records (including, without limitation, any promissory note described in the last sentence of this clause (b)) the amount of each Term Loan, Delayed Term Loan and Revolving Loan made, and each Letter of Credit issued or participated in, by it and each payment in respect thereof. Failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's Obligations in respect of such Loans or the Letters of Credit. Any such recordation shall be conclusive and binding on the Borrower, absent manifest error; provided, however, that in the event of any inconsistency between the Register and any Lender's records, the recordation in the Register shall govern. If so requested by any Lender by written notice to the Borrower (with a copy to the Administrative Agent), the Borrower shall execute and deliver to such Lender at any time a promissory note or promissory notes to evidence such Lender's Loans; provided, however, that any such promissory note shall be in a form approved by the Administrative Agent.

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ARTICLE III

REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1. Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of each Loan upon the Stated Maturity Date therefor. Prior thereto, repayments and prepayments of Loans shall be made as set forth in this Section 3.1. Each repayment or prepayment of any Loans made pursuant to this Section 3.1 shall be without premium or penalty, except as may be required by Section 4.4.

SECTION 3.1.1. Voluntary Prepayments. The Borrower may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Loans; provided, however, that

(a) any such prepayment shall be made pro rata among Loans of the same type and, if applicable, having Interest Periods of the same duration and ending on the same date;

(b) any such prepayment of any LIBO Rate Loan made on any day other than the last day of the Interest Period for such Loan shall obligate the Borrower to pay the Lenders as provided in Section 4.4;

(c) all such voluntary prepayments shall require prior written notice to the Administrative Agent of at least one Business Day in the case of the prepayment of Base Rate Loans and three Business Days in the case of the prepayment of LIBO Rate Loans; and

(d) all such voluntary partial prepayments shall be in an aggregate minimum amount of $5,000,000 and an integral multiple of $1,000,000;

provided, further, however, that (i) the Borrower's voluntary prepayment of the principal of Revolving Loans shall not cause a reduction in the Revolving Loan Commitment Amount, (ii) the Borrower's voluntary prepayment of the principal of any Loans other than Revolving Loans (x) prior to the Delayed Term Loan Commitment Termination Date may be applied against Term Loans or Delayed Term Loans as designated by the Borrower in writing to the Administrative Agent and (y) after the Delayed Term Loan Commitment Termination Date shall be applied pro rata across Term Loans and Delayed Term Loans and such payments under clauses (x) and (y) shall be applied (A) within Term Loans, to the extent of such prepayment, to the next two remaining scheduled maturities and, thereafter, to the remaining maturities on a pro rata basis and (B) within Delayed Term Loans shall be applied, to the extent of such prepayment, to the next two remaining scheduled

maturities and, thereafter, against the remaining maturities on a pro rata basis.

SECTION 3.1.2. Scheduled Amortization of Term Loans. On each Principal Reduction Date set forth below, the Borrower shall make a scheduled payment of Term Loans in the aggregate principal amount as calculated by reference to the percentage set forth opposite the applicable Principal Reduction Date (as such repayment amount may be adjusted from time to time pursuant to Section 3.1.1 and Section 3.1.5):

<TABLE>
<CAPTION>

Principal Reduction Date	Percentage of Original Aggregate Principal Amount of Term Loans As of the Closing Date
<S>	<C>
December 1, 1994	4.820%
June 1, 1995	4.820%
December 1, 1995	5.420%
June 1, 1996	5.420%
December 1, 1996	6.025%
June 1, 1997	6.025%

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December 1, 1997	7.230%
June 1, 1998	7.230%
December 1, 1998	7.830%
June 1, 1999	7.830%
December 1, 1999	9.035%
June 1, 2000	9.035%
December 1, 2000	9.640%
June 1, 2001	9.640%.

</TABLE>

SECTION 3.1.3. Scheduled Amortization of Delayed Term Loans. On each Principal Reduction Date set forth below, the Borrower shall make a scheduled payment of Delayed Term Loans in the aggregate principal amount as calculated by reference to the percentage set forth opposite the applicable Principal Reduction Date (as such repayment amount may be adjusted from time to time pursuant to Section 3.1.1 and Section 3.1.5):

<TABLE>
<CAPTION>

Principal Reduction Date	Percentage of Aggregate Principal Amount of Delayed Term Loans on January 1, 1996
<S>	<C>
December 1, 1994	0.00%
June 1, 1995	0.00%
December 1, 1995	0.00%
June 1, 1996	6.50%
December 1, 1996	7.79%
June 1, 1997	7.79%
December 1, 1997	9.09%
June 1, 1998	9.09%
December 1, 1998	9.09%
June 1, 1999	9.09%
December 1, 1999	10.39%
June 1, 2000	10.39%
December 1, 2000	10.39%
June 1, 2001	10.39%;

</TABLE>

provided, however, that in the event any Delayed Term Loans are repaid or the Delayed Term Loan Commitment Amount is reduced, in either case prior to the Delayed Term Loan Commitment Termination Date by amounts constituting Inverse Order Amounts, then the aggregate amount of such Inverse Order Amounts shall be included as outstanding Delayed Term Loans for purposes of the calculation above and shall then be applied against the scheduled maturities, as so calculated, in inverse order.

SECTION 3.1.4. Revolving Loans. The Borrower shall on each date when any reduction in the Revolving Loan Commitment Amount becomes effective, including pursuant to clause (a) or (d) of Section 2.4, make a payment (to be applied (or held by the Administrative Agent as cash collateral for application, as the case may be, to the extent such payment would be greater than the aggregate amount of outstanding Revolving Loans immediately prior to the application of any such prepayment) to Obligations outstanding under the Revolving Loan Commitments) in an amount equal to the excess, if any, of the sum of (x) the aggregate outstanding principal amount of all Revolving Loans plus (y) Letter of Credit Outstandings, over the Revolving Loan Commitment Amount as so reduced.

SECTION 3.1.5. Mandatory Prepayments. The Borrower shall, within two Business Days of the receipt of any (i) Net Disposition Proceeds in any Fiscal Year, make a mandatory prepayment in an amount equal to 50% of any Net Disposition Proceeds in excess of $50,000,000 of Net Disposition Proceeds received by the Borrower in such Fiscal Year (such mandatory prepayment amount is referred to as the "Pro-Rata Amount") and (ii) Net Accounts Proceeds or Net Debt Proceeds, make a mandatory prepayment in an amount equal to 100% of Net Accounts Proceeds

and 100% of Net Debt Proceeds so received (such mandatory prepayment amounts are referred to as the "Inverse Order Amount"; the Inverse Order Amount and the

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Pro-Rata Amount are referred to collectively as the "Prepayment Amount") to be applied to the extent of such prepayment as follows:

(a) first, prior to the Delayed Term Loan Commitment Termination Date, to be applied to outstanding Term Loans to the full extent thereof (x) with respect to the Pro-Rata Amount, pro rata against the remaining scheduled maturities and (y) with respect to the Inverse Order Amount, against the remaining scheduled maturities, in the inverse order;

(b) second, prior to the Delayed Term Loan Commitment Termination Date, to be applied to the payment of then outstanding Delayed Term Loans;

(c) third, after the Delayed Term Loan Commitment Termination Date, to be applied pro rata across outstanding Term Loans and Delayed Term Loans, and within the respective kinds of such Loans, to be applied against the remaining scheduled maturities of outstanding Term Loans and Delayed Term Loans (x) with respect to the Pro-Rata Amount, pro rata against the remaining scheduled maturities and (y) with respect to the Inverse Order Amount, against the remaining scheduled maturities, in the inverse order; and

(d) fourth, once all Term Loans and Delayed Term Loans have been repaid and the Delayed Term Loan Commitments have been terminated in full, to be applied (or held by the Administrative Agent for application, as the case may be) to Obligations outstanding under the Revolving Loan Commitments with a commensurate and contemporaneous reduction of the Revolving Loan Commitments;

provided, however, that, (x) in the event any of the foregoing provisions of this Section 3.1.5 would require the application of Prepayment Amounts aggregating to an amount less than $5,000,000 and so long as (i) no Default of the type described in clauses (a) through (d) of Section 8.1.9 subject to the proviso set forth therein and (ii) no Event of Default has occurred and is continuing, such Prepayment Amounts shall be payable, and any related reduction in Commitments shall be effective, on the date that is 30 days after the last day of the Fiscal Quarter of the Borrower in which the foregoing provisions of this Section 3.1.5 would otherwise require such prepayment, and any related reduction in Commitments, to be made and (y) if any Default of the type described in clauses (a) through (d) of Section 8.1.9 subject to the proviso set forth therein or any Event of Default has occurred and is continuing, such Prepayment Amount shall be payable on the earlier of (i) the occurrence of any such Default

or Event of Default and (ii) within two Business Days of receipt by the Borrower of the Net Disposition Proceeds consisting of such Prepayment Amount; provided, further, that no prepayment shall be required to be made in respect of Cash Equivalent Investments constituting Net Disposition Proceeds until the second Business Day after the then maturity date of such Cash Equivalent Investment.

SECTION 3.1.6. Acceleration of Stated Maturity Dates. Immediately upon any acceleration of the Stated Maturity Date of any Loans pursuant to Section 8.2 or Section 8.3, the Borrower shall repay all Loans to the full extent of such acceleration.

SECTION 3.2. Interest Provisions. Interest on the outstanding principal amount of Loans shall accrue and be payable in accordance with this Section 3.2.

SECTION 3.2.1. Rates. Subject to Section 3.2.2 and pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, the Borrower may elect that Loans comprising a Borrowing accrue interest at the following rates per annum:

(a) Alternate Base Rate. On that portion of such Borrowing maintained from time to time as a Base Rate Loan, equal to the sum of the Alternate Base Rate from time to time in effect plus 1/2 of 1%, plus or minus the Applicable Rate Modifier, if any.

(b) LIBO Rate. On that portion maintained as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of the LIBO Rate (Reserve Adjusted) for such Interest Period plus the Applicable LIBOR Margin.

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All LIBO Rate Loans shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such LIBO Rate Loan.

SECTION 3.2.2. Post-Maturity Rates. After the date any principal amount of any Loan is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise), or after any other monetary Obligation of the Borrower shall have become due and payable, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts at a rate per annum equal to the Alternate Base Rate plus a margin of 2.75%.

SECTION 3.2.3. Payment Dates. Interest accrued on each Loan shall be payable, without duplication:

(a) on the Stated Maturity Date therefor;

(b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan;

(c) with respect to Base Rate Loans, on each Quarterly Payment Date;

(d) with respect to LIBO Rate Loans, on the last day of each applicable Interest Period (and, if such Interest Period shall exceed three months, on each three month anniversary of the date of the commencement of such Interest Period); and

(e) on that portion of any Loans the Stated Maturity Date of which is accelerated pursuant to Section 8.2 or Section 8.3, immediately upon such acceleration.

Interest accrued on Loans or other monetary Obligations arising under this Agreement or any other Loan Document after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3. Fees. The Borrower agrees to pay the fees set forth in this Section 3.3. All such fees shall be non-refundable.

SECTION 3.3.1. Commitment Fee. The Borrower agrees to pay to the Administrative Agent for the pro rata account of each Lender with a Revolving Loan Commitment in the case of clause (i) and each Lender with a Delayed Term Loan Commitment in the case of clause (ii), for the period (including any portion thereof when any of its Commitments are suspended by reason of the Borrower's inability to satisfy any condition of Article V) commencing on the Closing Date to (but excluding) the Revolving Loan Commitment Termination Date or the Delayed Term Loan Commitment Termination Date, as the case may be, an ongoing commitment fee at the rate of (i) .375% per annum of the aggregate average daily unused portion of the Revolving Loan Commitment Amount and (ii) .375% per annum of the aggregate average daily unused portion of the Delayed Term Loan Commitment Amount; provided, however, that, during any period that the Maximum Rate Modifier is in effect, the rate per annum set forth in clauses (i) and (ii) shall be .500% per annum. Such commitment fees shall be payable by the Borrower in arrears on each Quarterly Payment Date and (x) in the case of Revolving Loans, on the Revolving Loan Commitment Termination Date and

(y) in the case of Delayed Term Loans, on the earlier of (A) the first date on which all Delayed Term Loans are outstanding and (B) the Delayed Term Loan Commitment Termination Date.

SECTION 3.3.2. Letter of Credit Fees. (a) The Borrower agrees to pay to the Administrative Agent for the pro rata account of each Lender having a Revolving Loan Commitment (including the Issuer), a participation fee per annum for each Letter of Credit equal to (x) the Stated Amount of such Letter of Credit multiplied by (y) the Applicable LIBOR Margin less 1/4 of 1%. Such participation fee shall accrue from the date of issuance of any Letter of Credit until the date such Letter of Credit is drawn in full or terminated, and

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shall be payable in arrears on each Quarterly Payment Date and on the Revolving Loan Commitment Termination Date.

(b) The Borrower agrees to pay to the Issuer of each Letter of Credit an issuance fee of 1/4 of 1% per annum of the Stated Amount of such Letter of Credit payable to the Issuer in arrears on each Quarterly Payment Date and on the Revolving Loan Commitment Termination Date. The Borrower agrees to reimburse the Issuer, on demand, for all usual and customary fees and out-of-pocket costs and expenses incurred in connection with the issuance or maintenance of any Letter of Credit issued by such Issuer.

SECTION 3.3.3. Fee Letter Fees. The Borrower agrees to pay the fees in the amounts and at the times set forth in the Fee Letter.

ARTICLE IV

CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1. LIBO Rate Lending Unlawful. If any Lender shall determine (which determination shall, upon notice thereof to the Borrower and the Lenders, be conclusive and binding on the Borrower) that after the date hereof the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make, continue or maintain any Loan as, or to convert any Loan into, a LIBO Rate Loan, the obligations of such Lender to make, continue, maintain or convert any such Loans shall, upon such determination, forthwith be suspended until such Lender shall notify the Administrative Agent that the circumstances causing such suspension no longer exist, and all LIBO Rate Loans of such Lender shall automatically convert into Base Rate Loans at the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion.

SECTION 4.2. Deposits Unavailable. If the Administrative Agent shall have determined that

(a) Dollar deposits in the relevant amount and for the relevant Interest Period are not available to the Administrative Agent in its relevant market; or

(b) by reason of circumstances affecting the Administrative Agent's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate Loans of such type,

then, upon notice from the Administrative Agent to the Borrower and the Lenders, the obligations of all Lenders under Section 2.5 and Section 2.6 to make or continue any Loans as, or to convert any Loans into, LIBO Rate Loans shall forthwith be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3. Increased LIBO Rate Loan Costs, etc. In the event that, as a result of any law, rule, regulation or order (or any interpretation thereof and including the introduction of any new law or governmental rule, regulation or order) that becomes effective after the date hereof, or the compliance with any guidelines or request issued or made after the date hereof by any central bank or other governmental authority or quasi-governmental authority exercising control over banks or financial institutions generally (whether or not having the force of law),

(a) any Lender (or its applicable lending office) shall be subject to any additional tax, duty or other charge (other than (i) Taxes and Excluded Taxes and (ii) taxes on net income and franchise taxes) with respect to its LIBO Rate Loans or its obligation to make LIBO Rate Loans, or shall change the basis of taxation of payments to any Lender of the principal of or interest on its LIBO Rate Loans or its obligation to make LIBO Rate Loans (except for changes (i) in respect of Taxes and Excluded Taxes and (ii) in the rate of tax on the overall gross or net income of such Lender or its applicable lending office imposed by the jurisdiction under whose laws such Lender is organized or the jurisdictions in which such Lender's principal executive office or applicable lending office is located); or

(b) any reserve (including, without limitation, any reserve imposed by the F.R.S. Board), special deposit or similar requirement against assets of, deposits with or for the account of, or credit

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extended by, any Lender's applicable lending office shall be imposed or deemed applicable or any other condition affecting its LIBO Rate Loans or its obligation to make LIBO Rate

Loans or its obligation to make LIBO Rate loans shall be imposed on any Lender or its applicable lending office;

and as a result thereof there shall be any direct or indirect increase in the cost to such Lender of agreeing to make or making, funding or maintaining LIBO Rate Loans (except to the extent already included in the determination of the LIBO Rate), or there shall be a reduction in the amount received or receivable by that Lender or its applicable lending office, then the Borrower agrees to indemnify such Lender and to hold it harmless with respect to such increased costs or to compensate such Lender by an amount equal to such reduced amount, as the case may be. Such Lender shall promptly notify the Administrative Agent and the Borrower in a written certificate of the occurrence of any such event, such certificate to state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate such Lender for such increased cost or reduced amount. Such additional amounts shall be payable by the Borrower directly to such Lender within five days of its receipt of such certificate, and such certificate shall, in the absence of manifest error, be conclusive and binding on the Borrower.

SECTION 4.4. Funding Losses. In the event any Lender shall incur any reasonable loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make, continue or maintain any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a LIBO Rate Loan) as a result (other than due to the provisions of Section 4.1 or 4.2 or a default of such Lender or the Administrative Agent) of

(a) any conversion or repayment or prepayment of the principal amount of any LIBO Rate Loans on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to Section 3.1 or otherwise;

(b) any Loans not being made as LIBO Rate Loans in accordance with the Borrowing Request therefor; or

(c) any Loans not being continued as, or converted into, LIBO Rate Loans in accordance with the Continuation/ Conversion Notice therefor,

then, upon the written notice of such Lender to the Borrower (with a copy to the Administrative Agent), the Borrower shall, within five days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such loss or expense. Such written notice (which shall include calculations in

reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower.

SECTION 4.5. Increased Capital Costs. If after the date hereof any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority affects or would affect the amount of capital required or expected to be maintained by any Lender or any Person controlling such Lender, and such Lender determines (in its reasonable judgment) that the rate of return on its or such controlling Person's capital as a consequence of its Commitments or its commitments to issue, maintain or participate in any Letter of Credit, the Loans made by such Lender or the issuance, maintenance of or participation in any Letter of Credit by such Lender is reduced to a level below that which such Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon the delivery of a written certificate from time to time by such Lender to the Borrower, the Borrower shall, within two Business Days of its receipt thereof, pay directly to such Lender additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return. Each such certificate of such Lender shall include calculations of any such additional amount or amounts in

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reasonable detail and shall, in the absence of manifest error, be conclusive and binding on the Borrower. In determining such amount, such Lender may use any method of averaging and attribution that it (in its reasonable judgment) shall deem applicable.

SECTION 4.6. Taxes. All payments to any Lender, Issuer, the Co-Agents in their capacity as such, the Collateral Agent in its capacity as such or to the Administrative Agent in its capacity as such (a "Payee") by the Borrower of principal of, and interest on, the Loans and the Notes, all payments on Reimbursement Obligations and Letters of Credit and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding (a) franchise taxes and taxes which are imposed on or measured by any Payee's gross receipts or gross income by a jurisdiction under the laws of which it is organized, is qualified to do business or in the case of a Lender, has its LIBOR Office, and (b) taxes imposed on or measured by any Payee's net income or receipts (except for any tax, fee or similar charge with respect to or measured by net income or receipts imposed by a State of the United States of America or a political subdivision thereof other than a jurisdiction in which the Payee

is organized, or has a branch or office) (such non-excluded items being called "Taxes" and such excluded items being called "Excluded Taxes"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Borrower will

(i) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(ii) promptly forward to the Administrative Agent an official receipt or other documentation reasonably satisfactory to the Administrative Agent evidencing such payment to such authority; and

(iii) so long as such Payee is in compliance with the provisions of the last paragraph of this Section 4.6, pay to the Administrative Agent for the account of such Payees such additional amount or amounts as is necessary to ensure that the net amount actually received by such Payee will equal the full amount such Payee would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Administrative Agent or any Payee with respect to any payment received by the Administrative Agent or such Payee hereunder, the Administrative Agent or such Payee may pay such Taxes and, so long as such Payee is in compliance with the provisions of the last paragraph of this Section 4.6, the Borrower will promptly after receiving written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof, pay such additional amounts (including any penalties, interest or reasonable out-of-pocket expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such person would have received had such Taxes not been asserted.

So long as the Payee is in compliance with the provisions of the last paragraph of this Section 4.6, if the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent, for the account of the respective Payees, the required receipts or other required documentary evidence, the Borrower shall indemnify the Payees for any incremental Taxes, interest or penalties that may become payable by any Payee as a result of any such failure. For purposes of this Section 4.6, a distribution hereunder by the Administrative Agent or any Payee to or for the account of any Payee shall be deemed a payment by the Borrower.

Each Payee agrees that if it receives a final tax credit, tax deduction or tax refund with respect to this Section 4.6, such Payee shall

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reimburse the Borrower to the extent of the benefit thereof to such Payee. The determination of whether there is any such benefit and the amount thereof shall be made at the sole discretion of the Payee.

Each Payee that is created or organized under the laws of the United States of America or any State thereof shall on the date such Payee executes this Agreement (or, if later, the date on which such Payee becomes a Payee) and at such other times as may be necessary in the determination of the Borrower or the Administrative Agent (each in the reasonable exercise of its discretion) deliver to the Borrower and to the Administrative Agent an IRS Form W-9 (or any successor or substitute form or forms as may be required to avoid withholding of United States federal income tax). Each Payee that is created or organized under the laws of a jurisdiction other than the United States of America or any State thereof shall, on the date such Payee executes this Agreement or, if later, the date on which such Payee becomes a Payee pursuant to this Agreement, provide to each of the Borrower and the Administrative Agent either (i) two true, accurate and complete original signed copies of IRS Form 1001 (or any successor or substitute form or forms) or (ii) two true, accurate and complete original signed copies of IRS Form 4224 (or any successor or substitute form or forms), evidencing such Payee's entitlement to receive all payments of interest, fees, commissions and any other amount payable hereunder or under the Loan, the Notes, the Reimbursement Obligations, the Letters of Credit or the other Loan Documents without deduction or withholding of any United States of America federal income tax. In addition, within 30 days of request therefor by the Borrower or the Administrative Agent, each Payee shall deliver to each of the Borrower and the Administrative Agent two executed copies of such other certifications, forms or documents (collectively, "Other Tax Forms") which, under the laws of any jurisdiction or the regulations of any taxing authority, will permit the Borrower and the Administrative Agent to make payments hereunder or under the Notes or the other Loan Documents without deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate; provided; however, that such Payee is entitled under applicable law to provide such requested Other Tax Form and can accurately provide such requested Other Tax Form without prejudice to such Payee's interests. Subject to the proviso contained in the last sentence of this paragraph, each Payee further agrees to deliver to each of the Borrower and the Administrative Agent from time to time (i) IRS Form 1001 or IRS Form 4224, as the case may be, and (ii) any applicable Other Tax Form, before or promptly after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent pursuant to

this paragraph. For purposes of the immediately preceding sentence, a funding of a LIBO Rate Loan by any Payee created or organized under the laws of a jurisdiction other than the United States of America or any State thereof by one or more foreign branches or affiliates of, or international banking facilities created by, such Payee pursuant to Section 2.7 of this Agreement occurring after the date such Payee executes this Agreement (or, if later, the date on which such Payee becomes a Payee) shall be deemed an event requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent pursuant to this paragraph. Further (i) each Payee that delivers IRS Form 1001 hereby covenants and agrees to deliver to each of the Borrower and the Administrative Agent within 5 days prior to January 1, 1996, and every third anniversary of such date thereafter (or more often if required by law or reasonably requested by the Borrower or the Administrative Agent) on which this Agreement is still in effect, two true, accurate and complete original signed copies of IRS Form 1001 (or any successor or substitute form or forms required under the Code or the applicable regulations promulgated thereunder) and (ii) each Payee that delivers IRS Form 4224 hereby covenants and agrees to deliver to each of the Borrower and the Administrative Agent within 15 days prior to the beginning of each subsequent taxable year of such Payee (or more often if required by law or reasonably requested by the Borrower or the Administrative Agent) during which this Agreement is still in effect, two true, accurate and complete original signed copies of IRS Form 4224 (or any successor or substitute form or forms required under the Code or the applicable regulations promulgated thereunder) unless, in the case of either clause (i) or clause (ii) above, as a result of the adoption of or a change in applicable law (including any statute, treaty, ruling, or regulation by a governmental, judicial or taxing authority), such Payee is not entitled to provide, or may not accurately provide, such a form.

SECTION 4.7. Payments, Computations, etc. Unless otherwise expressly provided, all payments by the Borrower pursuant to this Agreement, the Notes or any other Loan Document shall be made by the Borrower to the Administrative Agent for the pro rata account of the Lenders entitled to receive such payment.

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All such payments required to be made to the Administrative Agent shall be made, without setoff, deduction or counterclaim, not later than 11:00 a.m., New York City time, on the date due, in same day or immediately available funds, to such account as the Administrative Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Administrative Agent on the next succeeding Business Day. The Administrative Agent shall remit in same day funds to each Lender its share, if any, of such payments received by the Administrative Agent for the account of such Lender on the same day it receives such payment if such payment

is received on or before 11:00 a.m. or on the Business Day following receipt thereof if such payment is received after 11:00 a.m., and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of (i) 360 days in the case of LIBO Rate Loans and (ii) 365 or 366 days, as the case may be, in the case of Base Rate Loans and fees. Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall (except as otherwise required by clause (c) of the definition of the term "Interest Period" with respect to LIBO Rate Loans) be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.8. Sharing of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any of its Loans or other Obligations owing to it (other than pursuant to the terms of Sections 2.8.6, 4.3, 4.4 and 4.5) in excess of its pro rata share of payments then or therewith obtained by all Lenders with respect to their same Loans or other same Obligations owing to them, such Lender shall purchase from the other Lenders such participations in such Loans or other Obligations as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such recovery together with an amount equal to such selling Lender's ratable share (according to the proportion of

(a) the amount of such selling Lender's required repayment to the purchasing Lender

to

(b) the total amount so recovered from the purchasing Lender)

of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.9) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. If under any applicable

bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.9. Setoff. Each Lender shall, upon the occurrence of any Event of Default described in clauses (a) through (d) of Section 8.1.9 or, with the consent of the Required Lenders, any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (whether or not then due), and (as security for such Obligations) the Borrower hereby grants to each Lender a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Lender or any Affiliate of such Lender; provided, however,

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that any such appropriation and application shall be subject to the provisions of Section 4.8. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Lender may have.

SECTION 4.10. Lender's Duty to Mitigate. Each Lender agrees that, as promptly as practicable after it becomes aware of the occurrence of an event or the existence of a condition that would cause it to be affected under Section 2.8.6, 4.1, 4.3 or 4.6, or that would entitle such Lender to receive payments under Section 4.5 or that would result in the incurrence of Taxes by such Lender, it will, to the extent not inconsistent with such Lender's internal policies, use reasonable efforts to make, fund, or maintain its affected LIBO Rate Loans or Letters of Credit or participations therein through another lending office of such Lender if, as a result thereof, the additional moneys which would otherwise be required to be paid to such Lender pursuant to Section 4.3 or 4.5, as the case may be, would be materially reduced, or the illegality or other adverse circumstances which would otherwise require a conversion of such Loans pursuant to Section 4.1 would cease to exist, and if, as determined by such Lender in its sole discretion, the making, funding or maintaining of such Loans, Letters of Credit or participations therein through such other lending office would not otherwise adversely affect such Loans, Letters of Credit, participations or such Lender; provided, however, that such Lender shall not be obligated to utilize such other lending office unless the Borrower agrees to pay all reasonable expenses incurred by any

Lender in utilizing another lending office pursuant to this Section.

SECTION 4.11. Replacement of Lenders. Each Lender hereby severally agrees that if such Lender makes demand upon the Borrower for compensation resulting from any materially increased costs pursuant to Section 2.8.6, 4.3, 4.5 or 4.6 and such costs are materially greater (as determined by the Borrower in the reasonable exercise of its discretion) than the aggregate amount of payments made or required to be made to at least one other Lender which is subject to similar regulatory requirements giving rise to such increased costs and has Commitments or Loans in an amount similar to the Commitments and Loans of the affected lender (the "Affected Lender"), so long as no Event of Default shall have occurred and be continuing and the Borrower shall have obtained a commitment from an Eligible Assignee (which may be another Lender) (a "Replacement Lender") to become a Lender for all purposes under this Agreement and assume all obligations of the Affected Lender, the Borrower may, within 120 days of receipt of such demand, give notice (a "Replacement Notice") in writing to the Administrative Agent and the Affected Lender of its intention to replace the Affected Lender with a financial institution designated in such Replacement Notice; provided, however, that the Replacement Lender shall be acceptable to each Issuer that has issued any Letter of Credit then outstanding and the Administrative Agent, or if it is not an Issuer, the Administrative Agent; provided, further, that concurrently with such termination (i) the Borrower and/or the Replacement Lender, as applicable, shall pay the Affected Lender an amount equal to all principal, interest, fees and other amounts owed or accrued to the Affected Lender (including, without limitation, amounts, if any, owed under Section 2.8.6, 4.3, 4.4, 4.5 or 4.6) to the date on which such termination becomes effective and (ii) all documents and supporting materials necessary, in the reasonable judgment of the Administrative Agent (or if the Administrative Agent (the "Existing Administrative Agent") is also the Lender to be terminated, any successor Administrative Agent appointed in accordance with the provisions of Section 9.4 following the resignation of the Existing Administrative Agent as described therein) to evidence the substitution of the Replacement Lender for the Affected Lender shall have been received by the Administrative Agent as of such date, together with a processing and recordation fee of $3,000 which shall have been paid by the Borrower to the Administrative Agent. Upon the effective date of such assignment, such Replacement Lender and such Replacement Lender shall become a "Lender" for all purposes under this Agreement and all other Loan Documents.

SECTION 4.12. Replacement Event. (a) If a Replacement Event occurs with respect to any Lender, the Affected Replacement Event Lender shall deliver written notice of the occurrence of

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such Replacement Event to the Administrative Agent within ten days after such occurrence and, as soon as practicable after receipt of such notice, the Administrative Agent shall notify the Borrower and each applicable Issuer thereof.

(b) Whether or not such notice is delivered to the Administrative Agent, if a Replacement Event occurs, so long as the Administrative Agent has not received written notice from the Affected Replacement Event Lender to the effect that the Benchmark Securities of the Affected Replacement Event Lender have been subsequently rated at a level that would not cause the occurrence of a Replacement Event, any Issuer that has issued a Letter of Credit that is then outstanding or the Administrative Agent, if it is not such an Issuer (all such Issuers and the Administrative Agent being the "Affected Issuers"), or the Borrower may request (by written notice delivered to the Administrative Agent) that the Affected Replacement Event Lender be terminated and replaced as a party to this Agreement to the extent of the unfunded portion of its Commitments. Subject to the provisions of the first sentence of clause (c) below, in the event that a commitment shall have been obtained by (i) an Affected Issuer from an Eligible Assignee acceptable to the Borrower (which approval shall not be unreasonably delayed or withheld) or an Eligible Assignee which is a Lender or (ii) the Borrower from an Eligible Assignee (which may include a Lender) to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Replacement Event Lender to the extent of the unfunded portion of the Affected Replacement Event Lender's Commitments, the Affected Replacement Event Lender will be terminated as a Lender and replaced as a party to this Agreement with respect to the unfunded portion of its Commitments; provided, however, that any such Eligible Assignee described in clause (i) or (ii) shall be acceptable to all Affected Issuers based on the criteria set forth in Section 10.11 (any such acceptable Eligible Assignee being a "Replacement Event Lender"); provided, further, that concurrently with such termination, (A) the Borrower and/or the Replacement Event Lender, as applicable, shall pay the Affected Replacement Event Lender an amount equal to all principal, interest, fees and other amounts owed or accrued to such Affected Replacement Event Lender with respect to the Commitments, Loans (other than its Term Loans or funded Delayed Term Loans) and Letters of Credit to the date on which such termination becomes effective, (B) all of the requirements of Section 10.11 (other than the minimum assignment amount of $5,000,000 if to a Lender or $15,000,000 if to an Eligible Assignee, as set forth in clause (b) of Section 10.11) shall be satisfied with respect to the assumption by the Replacement Event Lender of the affected obligations of the Affected Replacement Event Lender, and (C) all documents and supporting materials necessary, in the reasonable judgment of the Administrative Agent, to evidence the substitution of the

Replacement Event Lender for such Affected Replacement Event Lender shall have been received by the Administrative Agent as of such date, together with a processing and recordation fee of $3,000 which shall be paid by the Affected Replacement Event Lender to the Administrative Agent.

(c) If such termination and replacement described in clause (b) above have not become effective within 30 days after receipt by the Administrative Agent of notice from any Affected Issuer or the Borrower requesting such termination, then, upon written notice to the Administrative Agent from an Affected Issuer or the Borrower requesting the same, the Affected Replacement Event Lender shall be required to purchase an assignment from such Affected Issuer of rights and obligations relating to such Affected Issuer's Term Loans and to the extent necessary, if at all, the funded portion of such Affected Issuer's Delayed Term Loans in an aggregate amount up to an amount equal to the aggregate unfunded portion of the Affected Replacement Event Lender's Revolving Loan Commitment on the date of such assignment and, contemporaneously therewith, to assign to such Affected Issuer an equivalent Dollar amount of the Affected Replacement Event Lender's rights and obligations relating to its Revolving Loan Commitment. If more than one Affected Issuer shall deliver such written notice to the Administrative Agent requesting assignments to and from such Affected Issuer, then the assignment described in the immediately preceding sentence shall be made to and from all such Affected Issuers in such amounts as may be agreed by such Affected Issuers. In the event of any assignment by an Affected Replacement Event Lender pursuant to either of the two immediately preceding sentences, the Affected Replacement Event Lender shall pay a processing and recordation fee of $3,000 to the Administrative Agent.

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(d) If any assignment requested by an Affected Issuer described in this Section 4.12 results in the prepayment of any LIBOR Rate Loans, the Borrower shall not be required to pay any compensation otherwise required pursuant to Section 4.4 in connection with the assignment of such LIBOR Rate Loans.

ARTICLE V

CONDITIONS TO CREDIT EXTENSION

SECTION 5.1. Initial Credit Extension. The obligations of each Lender (including, as applicable, the Issuers) to make the initial Credit Extension shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 5.1.

SECTION 5.1.1. Resolutions, etc. The Administrative Agent shall have received from each Obligor a certificate, dated the date of the initial Credit Extension, of its Secretary or Assistant Secretary as to

(a) resolutions of its Board of Directors then in full force and effect authorizing the execution, delivery and performance of each Loan Document to be executed by it;

(b) the incumbency and signatures of those of its officers authorized to act with respect to each Loan Document executed by it; and

(c) each of its Organic Documents,

upon which certificate each Lender may conclusively rely until it shall have received a further certificate of the Secretary of such Obligor canceling or amending such prior certificate.

SECTION 5.1.2. Termination or Amendment of Credit Agreements. On or prior to the Closing Date, the Borrower shall have taken and shall have caused EPIC to have taken all necessary actions such that,

(a) on or prior to the Closing Date (i) the commitments under the 1992 Credit Agreement and the EPIC Credit Agreement shall have been terminated, (ii) all outstanding obligations thereunder, including, without limitation, any principal, interest, fees, commissions and other amounts accrued and unpaid thereunder (including any fees, commissions or other amounts accrued and unpaid with respect to the letters of credit issued under the 1992 Credit Agreement that are deemed, pursuant to Section 2.8, to have been issued under this Agreement), shall be discharged and (iii) no lender thereunder or other party thereto shall have any Lien over the collateral or any other property of the Borrower or any of its Subsidiaries; and

(b) the AmSouth Facility shall have been amended on terms and conditions satisfactory to the Administrative Agent and the guaranty of EPIC Healthcare Group, Inc. relating thereto shall have been amended on terms and conditions satisfactory to the Administrative Agent.

SECTION 5.1.3. Transaction Consummated.

(a) EPIC Merger Agreement and Related Documents. The Administrative Agent shall have received (with copies for each Lender) a fully executed copy of the EPIC Merger Agreement, and all other certificates, filings, documents, consents, approvals, board of directors resolutions and

opinions furnished pursuant to or in connection with the consummation of the EPIC Transaction each of which shall be in form and substance satisfactory to the Administrative Agent and the majority Co-Agents.

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No amendment, waiver or other modification of, or other forbearance to exercise any rights with respect to, any of the terms or provisions relating to the conditions to the consummation of the EPIC Merger in the EPIC Merger Agreement that could reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business or properties of the Borrower or the Borrower and its Subsidiaries, taken as a whole, shall have been made or consented to by the Borrower (unless otherwise agreed to by the Administrative Agent and the majority Co-Agents).

(b) Consummation of EPIC Merger; Delivery of Certificate of EPIC Merger. The EPIC Merger shall have been consummated in accordance with the EPIC Merger Agreement. The Certificate of Merger, in recordable form, shall have been executed by the parties thereto, and the Administrative Agent shall have received evidence satisfactory to it that counterparts thereof have been presented for filing with the Secretary of State of the State of Delaware. The Administrative Agent shall have received a copy of the Certificate of Merger, duly executed and delivered by each party thereto.

(c) EPIC Redeemable Debt. The Administrative Agent shall have received a true and correct copy of each irrevocable notice of redemption delivered to the trustees of the EPIC Redeemable Debt which redemption shall have been arranged on terms and conditions satisfactory to the Lenders.

(d) Tender; Consent; Amendments to Existing EPIC Subordinated Debt. The Tender and the Consent shall have been consummated on terms and conditions satisfactory to the Administrative Agent. The EPIC 10-7/8% Senior Subordinated Note Indenture, the CMOs and the EPIC 12% Senior Deferred Coupon Note Indenture each shall have been amended by the Supplemental Indenture relating thereto, each of which Supplemental Indentures shall have been executed and delivered by the appropriate trustee and EPIC or its appropriate Subsidiary and become effective.

(e) No Default under EPIC Tendered Debt. No Event of Default (as defined in any indenture relating to the EPIC Tendered Debt) shall have occurred or be created as a result of the Transaction.

SECTION 5.1.4. Subsidiary Guaranty. The Administrative Agent shall have received the Subsidiary Guaranty, dated as of the date hereof, duly executed and delivered by each Subsidiary Guarantor.

SECTION 5.1.5. Pledge Agreements. The Administrative Agent shall have received executed counterparts of each of the Pledge Agreements, dated as of the Closing Date, duly executed and delivered by each of the parties thereto, together with (i) the certificates, evidencing all of the issued and outstanding shares of capital stock pledged to the Collateral Agent pursuant to the Pledge Agreements on the Closing Date, which certificates shall in each case be accompanied by undated stock powers duly executed in blank, and (ii) evidence reasonably satisfactory to the Collateral Agent that all recordings and other actions which the Collateral Agent shall reasonably deem necessary or advisable to establish, preserve and perfect the Liens granted to the Lenders pursuant to the Collateral Documents have been made or taken (except the capital stock of the Minority Subsidiaries need not be pledged at any time).

SECTION 5.1.6. Funds Available for the Transaction. On or prior to the Closing Date, the cash proceeds of the Public Offering shall have been applied to the EPIC Merger and the cash proceeds of the Note Offering and the Borrower Effective Date Cash on Hand shall have been applied to the payment of the cash consideration of the Transaction. The amount of such funds not so applied on the Closing Date, together with the amount of Commitments available for such purpose shall be sufficient to pay in full all remaining cash consideration for the Transaction.

SECTION 5.1.7. Public Offering. The Administrative Agent shall have received copies of all documents, agreements and instruments related to the Public Offering and the other transactions contemplated in connection therewith (including the Borrower's Registration Statement on Form S-3 filed with the Securities and Exchange Commission), all of which shall be in form and substance reasonably satisfactory to the Administrative Agent. The Borrower shall have received gross cash proceeds from the Public Offering in an amount at least equal to $140,000,000.

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SECTION 5.1.8. Issuance of the Subordinated Notes. The Borrower shall have duly authorized, executed and delivered the Subordinated Notes and all other certificates, documents and agreements entered into in connection therewith, and the Administrative Agent shall have received, with counterpart copies for each Lender, true and correct copies of the Subordinated Notes and all other certificates, documents, agreements, consents and opinions furnished pursuant to or in connection therewith, the terms and conditions of which shall be reasonably satisfactory to the Administrative Agent. The Borrower shall have

received gross cash proceeds from the issuance of the Subordinated Notes in an amount at least equal to $200,000,000.

SECTION 5.1.9. Internal Revenue Service Forms. Each applicable Lender shall deliver to the Administrative Agent pursuant to the last paragraph of Section 4.6 two duly completed copies of the appropriate United States Internal Revenue Service Form.

SECTION 5.1.10. Solvency. The Administrative Agent shall have received a certificate executed by a duly Authorized Officer of the Borrower to the effect that the Borrower will be Solvent after giving effect to the transactions contemplated by this Agreement.

SECTION 5.1.11. Closing Date Certificate. The Administrative Agent shall have received the Closing Date Certificate, dated the Closing Date and duly executed by an Authorized Officer of the Borrower. All statements in and agreements required to be appended to the Closing Date Certificate shall be in form and substance satisfactory to the Administrative Agent.

SECTION 5.1.12. Financial Information, etc. The Administrative Agent shall have received, in each case in form and scope reasonably satisfactory to the Administrative Agent, the financial statements referred to in Section 6.5.

SECTION 5.1.13. Subordination. The Existing Healthtrust Subordinated Notes, the Existing Healthtrust Subordinated Debentures, the Subordinated Notes and the EPIC 10-7/8% Senior Subordinated Notes shall be subordinated in right of payment and of security to all Obligations under this Agreement, and the Administrative Agent shall have received a certificate, duly executed and delivered by an Authorized Officer of the Borrower, to such effect.

SECTION 5.1.14. Opinions of Counsel. The Administrative Agent shall have received opinions, dated the date of the initial Credit Extension and addressed to the Administrative Agent and all Lenders, from

(a) Waller Lansden Dortch & Davis, special Tennessee counsel to the Borrower, substantially in the form of Exhibit L-1 hereto;

(b) Dewey Ballantine, counsel to the Borrower, substantially in the form of Exhibit L-2 hereto;

(c) Philip D. Wheeler, Esq., General Counsel to the Borrower, substantially in the form of Exhibit L-3 hereto;

(d) Local counsel to the Borrower, substantially in the form of Exhibit L-4 hereto; and

(e) Mayer, Brown & Platt, counsel to the Administrative Agent, substantially in the form of Exhibit K hereto.

SECTION 5.1.15. Closing Fees, Expenses, etc. The Administrative Agent shall have received for its own account, or for the account of each Lender, as the case may be, all fees, costs and expenses due and payable pursuant to Sections 3.3 and 10.3, if then invoiced.

SECTION 5.2. All Credit Extensions. The obligation of each Lender (including, as applicable, an Issuer) to make any Credit Extension (including the initial Credit Extension) shall be subject to the satisfaction of each of the conditions precedent set forth in this Section 5.2.

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SECTION 5.2.1. Compliance with Warranties, No Default, etc. Both before and after giving effect to such Credit Extension (but, if any Default of the nature referred to in Section 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds of any Borrowing) the following statements shall be true and correct as of the date of such Credit Extension:

(a) the representations and warranties set forth in Article VI shall be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided, however, that the condition precedent set forth in this clause (a) shall be satisfied with respect to any representation or warranty (i) made by the Borrower with respect to the Subsidiary Guaranty, (ii) made by the Borrower with respect to the Subsidiary Stock Pledge Agreement, or any other Collateral Document to which a Subsidiary of the Borrower is a party, and (iii) otherwise made by the Borrower with respect to a Subsidiary, unless (A) a Subsidiary or Subsidiaries of the Borrower accounting for more than 10.0% of the consolidated net revenues or more than 10.0% of the consolidated assets of the Borrower, or the Subsidiary Guaranty or Subsidiary Stock Pledge Agreement, or such other Collateral Documents, of such a Subsidiary or Subsidiaries, are the subject of one or more materially false representations or warranties of the types described in this proviso (except that in making such determination (i) EPIC and its Subsidiaries shall be excluded from such calculation for the period commencing on

the Closing Date and ending on the 90th day after the Closing Date and (ii) EPIC Properties, Inc. shall be excluded from such calculation until such time that all of the CMOs have been redeemed or otherwise retired), or (B) there otherwise exists a Material Adverse Effect in connection with one or more materially false representations or warranties of the types described in this proviso; and

(b) no Default shall have then occurred and be continuing.

SECTION 5.2.2. Credit Extension Request. The Administrative Agent shall have received a Borrowing Request if Loans are being requested or an Issuance Request if a Letter of Credit is being requested. Each of the delivery of a Borrowing Request or an Issuance Request and the acceptance by the Borrower of the proceeds or other benefits of such Credit Extension shall constitute a representation and warranty by the Borrower that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the statements made in Section 5.2.1 are true and correct.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders and the Administrative Agent to enter into this Agreement and to make Credit Extensions hereunder, the Borrower represents and warrants to the Administrative Agent and each Lender as set forth in this Article VI.

SECTION 6.1. Organization, etc. The Borrower and each of its Subsidiaries is a corporation or partnership validly organized and existing and in good standing under the laws of the State of its incorporation or organization, is duly qualified to do business and is in good standing as a foreign corporation or partnership in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified or be in good standing would not cause a Material Adverse Effect, and has full corporate or partnership power and authority to enter into and perform its Obligations under this Agreement and each other Loan Document to which it is a party and, except to the extent such failure would not cause a Material Adverse Effect, to own and hold under lease its property and to conduct its business substantially as currently conducted by it.

SECTION 6.2. Due Authorization, Non-Contravention, etc. The execution, delivery and performance by the Borrower of this

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Agreement and each other Loan Document executed or to be executed by it, and the execution, delivery and performance by each other Obligor of each Loan Document executed or to be executed by it are within the Borrower's and each such Obligor's corporate powers, have been duly authorized by all necessary corporate action, and do not

(a) contravene the Borrower's or any such Obligor's Organic Documents;

(b) contravene any material contractual restriction, law or governmental regulation or court decree or order binding on or affecting the Borrower or any such Obligor; or

(c) result in, or require the creation or imposition of, any Lien on any of any Obligor's properties other than as provided in the Collateral Documents or permitted under Section 7.2.3.

SECTION 6.3. Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Borrower or any other Obligor of this Agreement, the Notes or any other Loan Document to which it is or upon consummation of the Tender with respect to EPIC and its Subsidiaries will become a party, or for the Borrower's or any of its Subsidiaries' participation in the consummation of the transactions contemplated hereby except for such authorizations, approvals, notices, filings or other actions that, if not obtained, delivered or performed, would not cause a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended. Each of the Borrower and its Subsidiaries has all permits, licenses and other governmental approvals and all accreditations for the operation of each of its Facilities as are required to be maintained by it pursuant to Section 7.1.7 and is qualified to participate in and receive payment under all private insurance programs having broad application and all Federal, state and local governmental programs providing for payment or reimbursement for services rendered to the extent required by Section 7.1.7.

SECTION 6.4. Validity, etc. This Agreement and all other documentation relating to letters of credit issued under the 1992 Credit Agreement constitute, and each other Loan Document executed by the Borrower will, on the due execution and delivery

thereof, constitute, the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles (whether at law or in equity) relating to or limiting creditors' rights generally; and each Loan Document executed pursuant hereto by each other Obligor will, on the due execution and delivery thereof by such Obligor, be the legal, valid and binding obligation of such Obligor enforceable in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles (whether at law or in equity) relating to or limiting creditors' rights generally.

SECTION 6.5. Financial Information. Each of (i) the audited balance sheets of the Borrower and each of its Existing Subsidiaries as at August 31, 1993, and the related statements of earnings and cash flow of the Borrower and each of its Existing Subsidiaries and (ii) the unaudited balance sheets of the Borrower and its Existing Subsidiaries as at February 28, 1994 and the related statements of earnings and cash flow of the Borrower and each of its Existing Subsidiaries, copies of which have been furnished to the Administrative Agent and each Lender, have been prepared in accordance with GAAP consistently applied, and present fairly the consolidated financial condition of the corporations covered thereby as at the dates thereof and the results of their operations for the periods then ended; provided, however, that any financial statements delivered pursuant to clause (ii) are subject to normal year-end audit adjustments.

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SECTION 6.6. No Material Adverse Change. Except as has been disclosed in writing to the Administrative Agent and the Lenders prior to the Closing Date, (i) since August 31, 1993, with respect to the Borrower or any of its Existing Subsidiaries, taken as a whole, (ii) since September 30, 1993, with respect to EPIC or any of its Subsidiaries, taken as a whole or (iii) since the Closing Date with respect to the Borrower or any of its Subsidiaries, taken as a whole, no event has occurred which has or would cause a Material Adverse Effect.

SECTION 6.7. Litigation, Labor Controversies, etc. There is no pending or, to the knowledge of the Borrower, threatened litigation, action, proceeding, or labor controversy affecting the Borrower or any of its Subsidiaries, or any of their respective properties, businesses, assets or revenues, which would cause a Material Adverse Effect or which purports to affect the legality, validity or enforceability of this Agreement, the Notes or any other Loan Document, except (i) as disclosed in writing to the Co-Agents and consented to by the Required Lenders, (ii) malpractice litigation or (iii) as disclosed in Item 6.7 ("Litigation") of the Disclosure Schedule.

SECTION 6.8. Subsidiaries. The Borrower has no Subsidiaries, except those Subsidiaries

(a) which are identified in Item 6.8(a) ("Existing Subsidiaries") of the Disclosure Schedule as of the date hereof or as of the most recent revision of Item 6.8(a) ("Subsidiaries") of the Disclosure Schedule delivered pursuant to clause (j)(i) of Section 7.1.1, as the case may be; or

(b) which are permitted to have been acquired in accordance with Section 7.2.5 or 7.2.9.

Item 6.8(c) ("Ownership Interest") of the Disclosure Schedule correctly sets forth the ownership interest of the Borrower in each of its Subsidiaries as of the date hereof or as of the date of the most recent revision of Item 6.8(c) ("Ownership Interest") of the Disclosure Schedule delivered pursuant to clause (k)(i) of Section 7.1.1, as the case may be.

SECTION 6.9. Ownership of Properties. The Borrower and each of its Subsidiaries owns good and legal title to all of its material properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens except as permitted pursuant to Section 7.2.3.

SECTION 6.10. Taxes. The Borrower and each of its Subsidiaries has filed all tax returns and reports required by law to have been filed by it the non-filing of which could result in an aggregate liability of the Borrower and its Subsidiaries in excess of $15,000,000 and has paid all taxes and governmental charges thereby shown to be owing, except to the extent permitted by clause (b) of Section 7.1.2.

SECTION 6.11. Pension and Welfare Plans. Except as disclosed in Item 6.11 ("Pension and Welfare Plans") of the Disclosure Schedule, during the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement and prior to the date of any Borrowing hereunder, no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Employee Benefit Plan which would reasonably be expected to result in the incurrence by the Borrower or any member of the Controlled Group of any material liability, fine or penalty (other than benefit obligations payable in the ordinary course) and, to the best knowledge of the Borrower and each of its Subsidiaries, no inquiry or investigation has been initiated or undertaken by the U.S. Department of Labor pertaining to any

suspected or alleged fiduciary breach relating to any Employee Benefit Plan. Neither the Borrower nor any member of the Controlled Group has any contingent liability with respect to any post-retirement benefit under a Welfare Plan,

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other than liability for continuation coverage described in Part 6 of Title I of ERISA.

SECTION 6.12. Environmental Warranties. Except as set forth in Item 6.12 ("Environmental Matters") of the Disclosure Schedule:

(a) all facilities and property (including underlying groundwater) owned or leased by the Borrower or any of its Subsidiaries have been, and continue to be, owned or leased by the Borrower and its Subsidiaries in material compliance with all Environmental Laws except for noncompliance which, singly or in the aggregate, could not reasonably be expected to have a Material Adverse Effect or which noncompliance is the subject of a Good Faith Contest;

(b) there have been no past, and there are no pending or threatened

(i) claims, complaints, notices or requests for information received by the Borrower or any of its Subsidiaries with respect to any alleged violation of any Environmental Law which could reasonably be expected to have a Material Adverse Effect, or

(ii) complaints, notices or inquiries to the Borrower or any of its Subsidiaries regarding potential liability under any Environmental Law which could reasonably be expected to have a Material Adverse Effect;

(c) there have been no Releases of Hazardous Materials at, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect;

(d) the Borrower and its Subsidiaries have been issued and are in material compliance with all material permits, certificates, approvals, licenses and other authorizations relating to environmental matters which are necessary or desirable for their businesses;

(e) no property now or previously owned or leased by the Borrower or any of its Subsidiaries is listed or proposed for listing (with respect to owned property only) on the National Priorities List pursuant to CERCLA, on the

CERCLIS or on any similar state list of sites requiring investigation or clean-up;

(f) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect;

(g) neither the Borrower nor any Subsidiary of the Borrower has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which may lead to material claims against the Borrower or such Subsidiary thereof for any remedial work, damage to natural resources or personal injury, including claims under CERCLA;

(h) there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned or leased by the Borrower or any Subsidiary of the Borrower that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect; and

(i) no conditions exist at, on or under any property now or previously owned or leased by the Borrower which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law which could reasonably be expected to have a Material Adverse Effect.

SECTION 6.13. Regulations G, U and X. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying

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margin stock, and no proceeds of any Loans will be used for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation G, U or X. Terms for which meanings are provided in F.R.S. Board Regulation G, U or X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.14. Accuracy of Information. All factual information heretofore or contemporaneously furnished by or on behalf of the Borrower in writing to the Administrative Agent or any Lender for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other such factual information hereafter furnished by or on behalf of the Borrower to the Administrative Agent or any Lender will be, true and accurate in every material respect on the date as of which

such information is dated or certified and as of the date of execution and delivery of this Agreement by the Administrative Agent and such Lender, and such information is not, or shall not be, as the case may be, incomplete by omitting to state any material fact necessary to make such information not misleading.

SECTION 6.15. Status of Obligations.

(a) The incurrence by the Borrower of all Obligations hereunder and any related Hedging Obligations, and the execution, delivery, maintenance and performance of the Subsidiary Guaranty and the Subsidiary Pledge Agreement, do not and will not violate, or constitute (with due notice or lapse of time or both) an Event of Default (as defined in the indenture related thereto) under the Tendered Debt or the Subordinated Debt.

(b) The entry by the Borrower into subordination arrangements with respect to intercompany indebtedness does not and will not violate, or constitute (with due notice or lapse of time or both) a default under, any indenture pursuant to which the Subordinated Debt or the Tendered Debt was issued.

(c) The incurrence and maintenance of the first priority security interests in stock pledged to the Collateral Agent pursuant to the Pledge Agreements do not and will not violate, or constitute (with due notice or lapse of time or both) an Event of Default (as defined in the indenture related thereto) under, any indenture pursuant to which the Subordinated Debt or the Tendered Debt was issued.

(d) All Loans, when made, and all Reimbursement Obligations, when incurred, will constitute "Senior Indebtedness" and "Specified Senior Indebtedness" or similar defined terms under all indentures (other than the EPIC 12% Senior Deferred Coupon Note Indenture) pursuant to which the Subordinated Debt was or will be issued. The subordination provisions of such indentures pursuant to which such Subordinated Debt was or will be issued, are or will be, as the case may be, enforceable against the holders thereof.

ARTICLE VII

COVENANTS

SECTION 7.1. Affirmative Covenants. The Borrower agrees with the Administrative Agent, each Lender and each Issuer that, until all Commitments have terminated and all Obligations have

been paid and performed in full, the Borrower will perform the obligations set forth in this Section 7.1.

SECTION 7.1.1. Financial Information, Reports, Notices, etc. The Borrower will furnish, or will cause to be furnished, to each Lender and the Agent copies of the following financial statements, reports, notices and

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information:

(a) as soon as available and in any event within 60 days after the end of each Fiscal Quarter of each Fiscal Year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of earnings and consolidated statements of cash flow of the Borrower and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, setting forth in comparative form and details the figures for the corresponding period of the previous Fiscal Year and corresponding budget, certified by an Authorized Officer of the Borrower;

(b) as soon as available and in any event within 95 days after the end of each Fiscal Year of the Borrower, a copy of the annual audit report for such Fiscal Year for the Borrower and its Subsidiaries, including therein consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Year and consolidated statements of earnings and consolidated statements of cash flow of the Borrower and its Subsidiaries for such Fiscal Year, in each case certified (without any Impermissible Qualification) in a manner acceptable to the Agent and the Required Lenders by any "Big Six" accounting firm selected by the Borrower or any other independent certified public accountants of recognized national standing selected by the Borrower and reasonably acceptable to the Required Lenders, together with a report from such accountants to the effect that, in making the examination necessary for the signing of such annual audit report by such accountants, they have not become aware of any Default that has occurred and is continuing, or, if they have become aware of such Default, describing such Default and the steps, if any, being taken to cure it;provided, however, that such accountants shall not be liable by reason of any failure to obtain knowledge of any such Default that would not be disclosed in the course of their audit examination;

(c) as soon as available and in any event within 60 days after the end of each Fiscal Quarter commencing with the Fiscal Quarter ended August 31, 1994, a Compliance Certificate, executed by an Authorized Officer of the

Borrower, showing (in reasonable detail and with appropriate calculations and computations in all respects satisfactory to the Agent) compliance with the financial covenants set forth in Section 7.2.4;

(d) promptly after the chairman of the board, president, chief executive officer, chief operating officer, principal financial officer, controller or treasurer of the Borrower obtains actual knowledge thereof, notice of the occurrence of any Default, together with a statement of one of the foregoing officers setting forth details of such Default and the action which the Borrower has taken and proposes to take with respect thereto;

(e) promptly after the chairman of the board, president, chief executive officer, chief operating officer, principal financial officer, controller or treasurer of the Borrower obtains actual knowledge thereof, notice of (y) the occurrence of any material adverse development on the merits with respect to any litigation, action, proceeding, or labor controversy described in Section 6.7 or (z) the commencement of any litigation, action, proceeding or labor controversy of the type described in Section 6.7 (other than malpractice litigation);

(f) promptly after the sending or filing thereof, copies of all reports which the Borrower sends to any of its securityholders, and all periodic reports, reports on Form 8-K and registration statements which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(g) promptly after becoming aware of the institution of any steps by the Borrower or any other Person to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under

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section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which would reasonably be expected to result in the requirement that the Borrower furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Employee Benefit Plan which would reasonably be expected to result in the incurrence by the Borrower of any material liability, fine or penalty (other than benefit obligations payable in the ordinary course), or any material increase in the contingent liability of the Borrower with respect to any post-retirement Welfare Plan benefit, or the initiation of any inquiry, investigation or proceeding by the U.S. Department of Labor pertaining to any suspected or alleged fiduciary

breach relating to any Employee Benefit Plan, notice thereof and copies of all documentation relating thereto;

(h) together with each delivery of financial statements made pursuant to clause (b), a certificate from an Authorized Officer of the Borrower setting forth the details of the establishment by St. Paul Fire and Marine Insurance Co. Inc. (or any other nationally-recognized professional liability or medical malpractice insurer, or any nationally-recognized claims adjustor, in each case selected by the Borrower and reasonably satisfactory to the Administrative Agent) of reserves in an amount equal to or greater than $2,500,000 (in the case of any single claim) or $5,000,000 (in the case of multiple claims arising out of a single incident or a related series of incidents) in respect of actual or potential claims against the Borrower or any of its Subsidiaries related to professional liability or medical malpractice or, in the case of any such reserve previously established, of the increase in such reserve to an amount equal to or greater than $2,500,000 (in the case of any single claim) or $5,000,000 (in the case of multiple claims arising out of a single incident or a related series of incidents), and specifying what action (if any) the Borrower has taken, is taking and proposes to take with respect thereto;

(i) promptly after their being made publicly available, copies of all press releases and other statements made available generally by the Borrower to the public concerning material developments in the business of the Borrower and its Subsidiaries;

(j) together with each delivery of financial statements of the Borrower and its Subsidiaries pursuant to clause (b) above,

(i) a revised Item 6.8 (a) ("Subsidiaries") of the Disclosure Schedule, listing all Subsidiaries of the Borrower as at the end of the applicable Fiscal Year and a revised Item 6.8(c) ("Ownership Interest");

(ii) a schedule, in form reasonably satisfactory to the Administrative Agent, for each Facility, and, in the aggregate, for all Facilities of the following information to the extent that such information is not displayed in the financial statements delivered pursuant to clause (a): (A) licensed beds, (B) average daily census, (C) admission and length of stay, (D) number of beds in service, (E) in-patient revenues, (F) outpatient revenues and (G) payor mix; and

(iii) information giving details of the operating indicators and financial performance of each general acute care hospital which is owned or leased by a Minority Venture, setting forth in comparative form and details for the corresponding periods of the previous Fiscal Year; provided, however, that the Borrower shall be required to provide the information specified in the preceding clause (ii) and this clause (iii) only to the extent that such information is either in the possession of the Borrower or any of its Subsidiaries or, through reasonable efforts, may be obtained

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by the Borrower or any such Subsidiaries;

(k) together with each delivery of a Compliance Certificate pursuant to clause (c) above, a schedule listing all Indebtedness in excess of $10,000,000 permitted pursuant to clause (l) of Section 7.2.2 outstanding as of the date of delivery of such schedule; and

(l) such other information regarding the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries (but excluding information that federal or state laws or regulations forbid the Borrower or its Subsidiaries to disclose) as any Lender through the Administrative Agent may from time to time reasonably request.

SECTION 7.1.2. Compliance with Laws, etc. The Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws (including, without limitation, Environmental Laws), rules, regulations and orders, such compliance to include (without limitation):

(a) except as permitted under Section 7.2.9, the maintenance and preservation of its corporate existence and qualification as a foreign corporation;

(b) the payment, before the same become delinquent, of all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent being contested in good faith by appropriate proceedings and for which adequate reserves, if any, as required in conformity with GAAP, shall have been set aside on its books; and

(c) laws, rules, regulations or orders which relate to reimbursement under the Medicare program or state health care programs,

in each case, non-compliance with which would cause a Material Adverse Effect.

SECTION 7.1.3. Maintenance of Properties. The Borrower will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep in good repair, working order and condition, and make necessary and proper repairs, renewals and replacements all properties of the Borrower and its Subsidiaries material to the business or operations of the Borrower and its Subsidiaries taken as a whole unless the Borrower determines in good faith that the continued maintenance of any such property is no longer economically desirable.

SECTION 7.1.4. Insurance. The Borrower will maintain or cause to be maintained, with financially sound and reputable insurers, insurance with respect to its properties and business and the properties and business of its Subsidiaries against loss or damage of the kinds customarily insured against by business entities of established reputation engaged in the same or similar businesses and similarly situated, of such types and in such amounts as are customarily carried under similar circumstances by such other business entities; provided, however, that the Borrower may self-insure against workers' compensation claims (to the extent permitted by applicable law), general liability claims and professional liability claims.

SECTION 7.1.5. Books and Records. The Borrower will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect all of its business affairs and transactions and permit the Administrative Agent and each Lender or any of their respective representatives, at the expense of such Lender, upon reasonable notice to the Borrower and at reasonable times and intervals, to visit all of its offices, to discuss its financial matters with its officers and independent public accountant (and the Borrower hereby authorizes such independent public accountant to discuss the Borrower's financial matters with each Lender or its representatives whether or not any representative of the Borrower is present; provided, however, that the Borrower shall be given prior written notice of such discussion and the Borrower may, if it so chooses, be present at or participate in any such discussions) and to examine (and photocopy extracts from) any of its books or other corporate records (but excluding patient records and any other materials made private or confidential by federal or state law or regulation).

SECTION 7.1.6. Use of Proceeds. The Borrower shall apply

(a) the proceeds of the Term Loans solely to repay in full

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all amounts outstanding under the 1992 Credit Agreement and thereafter to loan or contribute the proceeds thereof to EPIC or its Subsidiaries to pay in part the cash portion of the purchase price obligations in connection with the

acquisition of the Tendered Debt and the tender premiums thereon;

(b) the proceeds of the Delayed Term Loans to pay in part the cash portion of its purchase price obligations in connection with the acquisitions contemplated by the Other Transactions (provided, that the aggregate amount of Delayed Term Loans the proceeds of which are used to fund Other Transactions shall not exceed $265,000,000) and for the Borrower to loan or contribute such proceeds to EPIC Healthcare Group, Inc. to redeem the EPIC Redeemable Debt; and

(c) the proceeds of the Revolving Loans to (i) pay the transaction costs and expenses of the Transaction (provided that the aggregate amount of such costs and expenses shall not exceed $200,000,000 and the cash portion of its obligation in connection with the Transaction), (ii) for general corporate purposes of the Borrower and its Subsidiaries and (iii) in the case of Letters of Credit, for issuing standby Letters of Credit for general corporate purposes.

SECTION 7.1.7. Accreditation and Licensing.

(a) The Borrower will, and will cause each of its Subsidiaries to, obtain and maintain all permits, licenses and other governmental approvals and all accreditations as may be necessary for the operation of each of its Facilities except those permits, licenses, governmental approvals and accreditations which, if not obtained and maintained, would not cause a Material Adverse Effect; and

(b) the Borrower will, and will cause each of its Subsidiaries to, maintain its qualification for participation in and payment under private insurance programs having broad application and federal, state and local governmental programs providing for payment or reimbursement for services rendered, except to the extent any failure to maintain such qualification would not cause a Material Adverse Effect.

SECTION 7.1.8. Subsidiary Advances. The Borrower will cause its Subsidiaries to make advances to the Borrower from time to time which in the aggregate are sufficient, together with other funds of the Borrower, to enable the Borrower to pay its Obligations when due.

SECTION 7.1.9. Future Subsidiaries. On or prior to the 91st day after the Closing Date, the Borrower shall cause (i) EPIC and each of its Subsidiaries (other than JV Subsidiaries) to

become parties to the Subsidiary Guaranty, and (ii) EPIC and each of its relevant Subsidiaries to become parties to the Subsidiary Pledge Agreement and deliver certificates representing all of the issued and outstanding shares of capital stock (other than the capital stock of EPIC Properties, Inc.) of EPIC and its Subsidiaries, together with duly executed stock powers in blank to the Collateral Agent. On or prior to the thirtieth day following the redemption in full of the CMOs, the Borrower shall cause EPIC to deliver to the Collateral Agent an executed counterpart of the Subsidiary Stock Pledge Agreement and stock certificates representing all of the issued and outstanding capital stock of EPIC Properties, Inc., together with duly executed stock powers in blank. Upon any other Person becoming, after the Effective Date, a Subsidiary of the Borrower (other than a JV Subsidiary), the Borrower shall notify the Administrative Agent of such event and such Subsidiary shall become a party to the Subsidiary Guaranty and the Subsidiary Stock Pledge Agreement in a manner reasonably satisfactory to the Administrative Agent. In addition, the Borrower shall provide the Administrative Agent and the Lenders with such opinions of legal counsel, in form and substance reasonably satisfactory to the Administrative Agent, as the Administrative Agent may reasonably require,

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relating to the obligations of such new Subsidiary under the Subsidiary Guaranty and Subsidiary Stock Pledge Agreement.

SECTION 7.1.10. Environmental Covenant. The Borrower will, and will cause each of its Subsidiaries to,

(a) use and operate all of the its facilities and properties in material compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, and handle all Hazardous Materials in material compliance with all applicable Environmental Laws except for noncompliance which, singly or in the aggregate, could not reasonably be expected to have a Material Adverse Effect or which noncompliance is the subject of a Good Faith Contest;

(b) immediately notify the Administrative Agent and provide copies upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws, and shall promptly cure and have dismissed with prejudice to the satisfaction of the Administrative Agent any actions and proceedings relating to compliance with Environmental Laws except for such claims, complaints, notices and inquiries which, singly or in the aggregate, could not reasonably be expected to have a

Material Adverse Effect or which are the subject of a Good Faith Contest; and

(c) provide such information and certifications which the Administrative Agent may reasonably request from time to time to evidence compliance with this Section 7.1.10.

SECTION 7.2. Negative Covenants. The Borrower agrees with the Administrative Agent and each Lender that, until all Commitments have terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this Section 7.2.

SECTION 7.2.1. Business Activities. The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business activity, except the business engaged in by the Borrower and its Subsidiaries on the date hereof and any other business or activities as may be substantially similar, incidental or related thereto.

SECTION 7.2.2. Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist or otherwise become or be liable in respect of any Indebtedness, other than, without duplication, the following:

(a) Indebtedness in respect of the Loans and other Obligations and any Refunding thereof so long as (i) the principal amount of such refinancing Indebtedness (or, to the extent such refinancing Indebtedness does not require cash payments prior to maturity, the original issuance price thereof) does not exceed the principal amount of the Obligations so refinanced, (ii) such refinancing Indebtedness, determined as of the date of incurrence, does not require any payments or prepayments of the principal thereof prior to the date that is one month after the final scheduled maturity date of the Obligations being refinanced, (iii) the sole consideration received by the Borrower for such refinancing Indebtedness is cash and (iv) such refinancing Indebtedness is otherwise on terms and conditions satisfactory to the Required Lenders;

(b) until the 90th day following the Closing Date, the EPIC Redeemable Debt not to exceed $130,000,000 in aggregate principal amount;

(c) Indebtedness of Healthtrust or its Subsidiaries existing as of the Effective Date prior to the EPIC Merger which is identified in Item 7.2.2(c) ("Ongoing Indebtedness") of the Disclosure Schedule and any Indebtedness the proceeds of which are used for the Refunding of any such Indebtedness identified in Item

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7.2.2(c) of the Disclosure Schedule so long as with respect to any Subordinated Debt identified therein (i) the principal amount of such Refunding Subordinated Debt (or, to the extent such Refunding Subordinated Debt does not require cash payments prior to maturity, the original issuance price thereof) does not exceed the principal amount (or the original issuance price, as the case may be) of the Subordinated Debt identified in Item 7.2.2(c) so Refunded, (ii) such Refunding Subordinated Debt, determined as of the date of incurrence, does not mature prior to the final scheduled maturity date of the Subordinated Debt identified in Item 7.2.2(c) being Refunded and the Average Life of such Refunding Subordinated Debt is equal to or greater than the remaining Average Life of the Subordinated Debt identified in Item 7.2.2(c) being Refunded and (iii) the terms and conditions of such Refunding Subordinated Debt and the indentures or other agreements pursuant to which such Refunding Subordinated Debt is issued (including, without limitation, those relating to interest rate, principal amortization, redemption, covenants, events of default, remedies and subordination) shall be satisfactory to the Required Lenders;

(d) unsecured Indebtedness incurred in the ordinary course of business (including open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services, but excluding Indebtedness incurred through the borrowing of money or Contingent Liabilities);

(e) Indebtedness of the Borrower's Subsidiaries owing to the Borrower and unsecured Indebtedness of the Borrower owing to any of its Subsidiaries provided that (i) the obligation of the Borrower to repay Indebtedness to any of its Subsidiaries shall be subject to agreements in form and substance satisfactory to the Required Lenders that the obligations of the Borrower shall be subordinated in right of payment to the payment in full of the Obligations and any related Hedging Obligations, (ii) all Indebtedness of any of the Borrower's Subsidiaries to the Borrower shall be subject to agreements in form and substance satisfactory to the Administrative Agent which shall provide that (x) the obligations of such Subsidiary thereunder shall be subordinated in right of payment to the payment in full of the Obligations of such Subsidiary under the Subsidiary Guaranty and (y) any payment by such Subsidiary under the Subsidiary Guaranty shall discharge an equivalent amount of such Indebtedness, and such Subsidiary shall waive any and all right to offset amounts owed by the Borrower to such Subsidiary against amounts owed by such Subsidiary to the Borrower and (iii) all Indebtedness of any Subsidiary of the Borrower (other than a JV Subsidiary) to any other

Subsidiary of the Borrower shall be subject to agreements in form and substance satisfactory to the Administrative Agent which shall provide that the obligations of such Subsidiary thereunder shall be subordinated in right of payment to the payment in full of the Obligations of such Subsidiary under the Subsidiary Guaranty and all obligations of such Subsidiary to the Borrower;

(f) Indebtedness with respect to the sale of Accounts made as a "Permitted Disposition" to the extent permitted under the definition thereof;

(g) Indebtedness with respect to taxes, assessments and other governmental charges being contested in good faith as provided in clause (b) of Section 7.1.2;

(h) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business in an aggregate amount not to exceed $10,000,000 at any time; provided, however, that such Indebtedness is extinguished within one Business Day of its incurrence;

(i) Contingent Liabilities in the nature of endorsements of negotiable instruments for collection in the ordinary course of business;

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(j) Indebtedness in respect of the CMOs;

(k) Indebtedness (including Indebtedness in respect of Capitalized Lease Liabilities and the AmSouth Facility) of EPIC and its Subsidiaries outstanding on the Closing Date in an aggregate principal amount not to exceed $45,000,000 and refinancings thereof on terms and conditions satisfactory to the Administrative Agent;

(l) Indebtedness in respect of Non-CMO Debt;

(m) Indebtedness in the nature of aggregate recourse liability to the extent such liability relates to the failure of any account debtor in respect of any Account to make any payments in respect thereof; and

(n) other Indebtedness (including Indebtedness in respect of Capitalized Lease Liabilities and Contingent Liabilities) in an aggregate principal amount not to exceed at any time $300,000,000; provided, however, that (I) an amount not to exceed $50,000,000 of such Indebtedness may be considered Senior Indebtedness (as defined in the Existing Subordinated Note Indenture) and/or Indebtedness of

Subsidiaries and (II) the remaining amount of such Indebtedness shall be Subordinated Debt described inclause (ii) of the definition thereof.

SECTION 7.2.3. Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, revenues or assets, whether now owned or hereafter acquired, except:

(a) Liens securing payment of the Obligations granted pursuant to any Loan Document;

(b) Liens granted (i) to secure payment of Indebtedness of the type permitted and described in clauses (c), (j), (k) and (n) (to the extent that such Liens secure Indebtedness described in such clause (n) not in excess of $150,000,000 in principal amount at any time outstanding) of Section 7.2.2 and covering only those assets acquired with the proceeds of such Indebtedness and (ii) in favor of the holders of the EPIC Healthcare Group's 11 7/8% Senior ESOP Notes due September 30, 1998;

(c) Liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or the payment of which is not at the time required by clause (b) of Section 7.1.2;

(d) Liens of carriers, warehousemen, mechanics, materialmen, landlords and other Liens imposed by law incurred in the ordinary course of business for sums not overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves, if any as required in accordance with GAAP, shall have been set aside on its books;

(e) Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, performance and return-of-money bonds, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds;

(f) judgment Liens in existence less than 45 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies;

(g) Leases or subleases (and related options to purchase the

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property subject to any such lease or sublease) granted to others not interfering in any material respect with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(h) Easements, rights-of-ways, restrictions and other similar charges or encumbrances not interfering in any material respect with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(i) Liens identified in Item 7.2.3 (i) ("Liens") of the Disclosure Schedule;

(j) Liens on Accounts securing the payment of Indebtedness permitted under clause (f) of Section 7.2.2;

(k) Liens securing Reimbursement Obligations of the Borrower with respect to Letters of Credit; and

(l) Liens in favor of issuers thereof against insurance policies purchased by the Borrower or any of its Subsidiaries.

SECTION 7.2.4. Financial Condition. The Borrower covenants and agrees as follows:

(a) Net Worth. The Borrower will not permit Net Worth at any time during any period set forth below to be less than the amount set forth opposite such period:

Period	Net Worth
Effective Date through end of Fiscal Year 1994	$900,000,000
First 2 Fiscal Quarters of Fiscal Year 1995	$925,000,000
Last 2 Fiscal Quarters of Fiscal Year 1995	$950,000,000
Fiscal Year 1996	$1,100,000,000
Fiscal Year 1997	$1,300,000,000
Fiscal Year 1998	$1,500,000,000
Fiscal Year 1999	$1,800,000,000
Fiscal Year 2000 and thereafter	$2,000,000,000

(b) Total Debt to EBITDA Coverage Ratio. The Borrower will not permit the Total Debt to EBITDA Coverage Ratio (i) from the Closing Date to August 31, 1994 to exceed 4.25:1.0 and (ii) at any time thereafter during any period set forth

below, to be greater than the ratio set forth opposite such period:

Period	Ratio
First 2 Fiscal Quarters of Fiscal Year 1995	4.25:1.0
Last 2 Fiscal Quarters of Fiscal Year 1995	4.00:1.0
First Fiscal Quarter of Fiscal Year 1996	3.75:1.0
Second Fiscal Quarter of Fiscal Year 1996	3.50:1.0
Third Fiscal Quarter of of Fiscal Year 1996	3.25:1.0
Last Fiscal Quarter of of Fiscal Year 1996	3.00:1.0
Fiscal Year 1997	2.50:1.0
Fiscal Year 1998 and thereafter	2.25:1.0

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(c) Cash Flow Coverage Ratio. The Borrower will not permit the Cash Flow Coverage Ratio, at any time commencing on and after the Effective Date, to be less than 1.0:1.0.

(d) Interest Coverage Ratio. The Borrower will not permit the Interest Coverage Ratio, at any time during any period set forth below, to be less than the ratio set forth opposite such period:

Period	Ratio
Effective Date through end of Fiscal Year 1994	4.0:1.0
Fiscal Year 1995	4.0:1.0
Fiscal Year 1996	4.5:1.0
Fiscal Year 1997 and thereafter	5.0:1.0

SECTION 7.2.5. Investments. The Borrower will not, and will not permit any of its Subsidiaries to, make, incur, assume or suffer to exist any Investment in any other Person, except:

(a) Investments existing on the Effective Date and identified in Item 7.2.5(a) ("Ongoing Investments") of the Disclosure Schedule;

(b) Cash Equivalent Investments;

(c) Investments in the Borrower or any of its wholly-owned Subsidiaries;

(d) Investments in joint ventures;

(e) Investments in general acute care hospitals or other health care businesses (other than as acquired in the Other Transactions and Hospital Exchanges) or a Person which owns or leases a general acute care hospital or other health care business in an aggregate amount not to exceed $150,000,000 in any Fiscal Year or $310,000,000 from and after the Effective Date, plus an amount equal to the sum of (i) 100% of Net Disposition Proceeds not applied to prepay Loans and (ii) Net Equity Proceeds designated by the Borrower to the Administrative Agent in writing to be used for the purpose of making such investments within one year of the receipt of such Net Equity Proceeds;

(f) Investments arising in connection with Permitted Dispositions under Section 7.2.9 not to exceed $100,000,000 from the Effective Date;

(g) Investments constituting Hospital Exchanges (but only to the extent of an Investment made with consideration other than cash or Cash Equivalent consideration);

(h) Investments not to exceed $265,000,000 in the aggregate constituting the Other Transactions;

(i) other Investments in an aggregate amount not to exceed at any time $75,000,000;

provided, however, that

(i) no Investment otherwise permitted by clause (d), (e), (f), (g) or (h) shall be permitted to be made if, immediately before or after giving effect thereto, any Default of the type described in clauses (a) through (d) of Section 8.1.9 subject to the proviso set forth therein or any Event of Default shall have occurred and be continuing;

(ii) no Investments otherwise permitted by clause (d), (e), (f) or (g) which have not been committed to by the Borrower or any of its Subsidiaries prior to any occurrence thereof shall be permitted if, immediately before or after giving effect thereto, any material adverse effect on the business, operations, assets, condition

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(financial or otherwise) or prospects of the Borrower or any of its Subsidiaries, taken as a whole, shall have occurred;

(iii) no Investment permitted by this Section may be made in any joint venture if, as of the date such Investment is made, incurred or assumed, all joint venture Investments permitted by this Section shall hold assets of the Borrower

or any of its Subsidiaries, or any assets contributed by the Borrower or any of its Subsidiaries which are greater (in Dollar amount, in the case of the following clause (x) and number of Facilities and Other Health Care Facilities, in the case of the following clause (y)) than the lesser of (x) 35% of the consolidated book value of the consolidated assets of the Borrower and its Subsidiaries at such time and (y) a number equal to 30% (by number) of all Facilities at such time; provided, further, that the Borrower will not, and will not permit any of its Subsidiaries to, make, incur, assume or suffer to exist any Investments in Minority Ventures if the aggregate amount of assets contributed, which assets shall be valued at book value at the time such contribution is made, net of returns of principal or equity thereon received by the Borrower or any of its Subsidiaries after such contribution is made and loans made available by the Borrower or any of its Subsidiaries to Minority Ventures at such time exceeds $500,000,000; and

(iv) any Investments permitted under this proviso shall be reduced by any Investments falling within the terms of clause (a) above.

SECTION 7.2.6. Restricted Payments, etc. On and at all times after the Effective Date:

(a) the Borrower will not declare, pay or make any dividend or distribution (in cash, property or obligations) on any shares of any class of capital stock (now or hereafter outstanding) of the Borrower or on any warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of the Borrower (other than dividends or distributions payable in its common stock or warrants to purchase its common stock or splitups or reclassifications of its stock into additional or other shares of its common stock) or apply, or permit any of its Subsidiaries to apply, any funds, property or assets to the purchase, redemption, sinking fund or other retirement of, or agree or permit any of its Subsidiaries to purchase or redeem, any shares of any class of capital stock (now or hereafter outstanding) of the Borrower, or warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of the Borrower; provided, however, that so long as (i) no Default of the type described in clauses (a) through (d) of Section 8.1.9 subject to the proviso set forth therein, (ii) no Event of Default or (iii) no material adverse effect on the business, operations, assets, condition (financial or otherwise) or prospects of the Borrower or any of its Subsidiaries, taken as a whole, has occurred and is

continuing or would occur as a result thereof, the Borrower may

(i) repurchase the Borrower's Common Stock from any current or former employee of the Borrower or any of its Subsidiaries in an aggregate amount for all such employees not to exceed $10,000,000 in any Fiscal Year or $50,000,000 from and after the Effective Date;

(ii) withhold (and pay related federal, state or local income tax liability) or repurchase the Borrower's Common Stock in satisfaction of the income tax liability incurred under any nonqualified benefit plan established by the Borrower for members of management of the Borrower;

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(iii) make purchases of Common Stock for the purpose of contributing such Common Stock to any Plan of the Borrower and its Subsidiaries in lieu of making contributions to any Plan in cash; provided, however, that (A) the Borrower may not hold at any one time Common Stock which was so purchased pursuant to this clause (iii) for an amount in excess of $80,000,000 (excluding Common Stock held by the Borrower prior to the Effective Date), (B) the Borrower may not cancel any of such Common Stock and, (C) the Borrower must contribute all such Common Stock before it can make any cash contribution to any such Plan, other than cash payments made in respect of withholding taxes thereon or to meet expenses relating to the administration of such Plan;

(iv) purchase shares of Common Stock pursuant to the exercise of put options exercised by employees of the Borrower with respect to shares of Common Stock distributed pursuant to any Plan; and

(v) purchase fractional shares of Common Stock (or warrants therefor), which fractional shares exist as the result of any stock split;

(b) the Borrower will not, and will not permit any of its Subsidiaries to

(i) make any scheduled payment or prepayment of principal of, or make any payment of interest on, any Subordinated Debt or EPIC Tendered Debt (1) on any day other than on or after the stated, scheduled date for such payment or prepayment set forth in the documents and instruments memorializing such Indebtedness, or (2) which payment or prepayment would violate the

subordination provisions of such Subordinated Debt, except as set forth in clause (ii) below; or

(ii) redeem, purchase or defease, any EPIC Tendered Debt or EPIC Redeemable Debt except so long as (i) no Default of the type described in clauses (a) through (d) of Section 8.1.9 subject to the proviso set forth therein or (ii) no Event of Default has occurred and is continuing or would occur as a result thereof, the Borrower and its Subsidiaries may Refund the EPIC Redeemable Debt and EPIC Tendered Debt; or

(iii) redeem, purchase or defease any Subordinated Debt not constituting EPIC Redeemable Debt or EPIC Tendered Debt except so long as (i) no Default of the type described in clauses (a) through (d) of Section 8.1.9 subject to the proviso set forth therein or (ii) no Event of Default has occurred and is continuing or would occur as a result thereof, the Borrower may Refund such Subordinated Debt in an aggregate principal amount equal to the sum of (1) up to 25% of cumulative Excess Cash Flow since the Effective Date, (2) the aggregate amount of net proceeds from the issuance of any Subordinated Debt in accordance with the terms and conditions set forth in clause (c) of Section 7.2.2 and/or (3) the aggregate amount of Net Equity Proceeds since the Closing Date from the sale or issuance of common stock of the Borrower which sale or issuance has been designated by the Borrower as being for the purpose of generating funds to be used to Refund Indebtedness; and

(c) the Borrower will not, and will not permit any Subsidiary to, make any deposit for any of the foregoing purposes.

SECTION 7.2.7. Negative Pledges, Restrictive Agreements, etc. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement (excluding this Agreement, any other Loan Document and any agreement governing any Indebtedness permitted either by clause (b) of Section 7.2.2 as in effect on the Closing Date or by clause (j) of Section 7.2.2 as to the assets financed with the proceeds of such Indebtedness) prohibiting

(a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired;

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(b) the ability of the Borrower or any other Obligor to amend or otherwise modify this Agreement or any other Loan Document; or

(c) the ability of any Subsidiary to make any payments, directly or indirectly, to the Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Subsidiary to make any payment, directly or indirectly, to the Borrower.

SECTION 7.2.8. Consolidation, Merger, etc. The Borrower will not, and will not permit any of its Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other corporation, or purchase or otherwise acquire all or substantially all of the assets of any Person (or of any division thereof) except, so long as no Event of Default has occurred and is continuing or would occur after giving effect thereto:

(a) any Subsidiary of the Borrower may liquidate and distribute its assets to, and may merge with and into, any Equivalent Subsidiary, and the assets or stock of any Subsidiary of the Borrower may be purchased or otherwise acquired by the Borrower or any Equivalent Subsidiary; and

(b) any Subsidiary of the Borrower may liquidate and distribute its assets to, and may merge with and into, any joint venture, and the assets or stock of any Subsidiary of the Borrower or Minority Venture may be purchased or otherwise acquired by the Borrower or any other Subsidiary of the Borrower or Minority Venture if any such liquidation, distribution, merger or purchase is permitted as an Investment underSection 7.2.5;

provided, however, that (i) the corporate, partnership or other existence of a Subsidiary of the Borrower may not be terminated if such termination would cause a Material Adverse Effect and (ii) to the extent the Borrower receives Net Disposition Proceeds in connection with such termination, the Borrower shall apply such proceeds in accordance with Section 3.1.5; and

(c) the Borrower or any of its Subsidiaries may purchase all or substantially all of the assets of any Person, or acquire such Person by merger to the extent permitted as an Investment pursuant to Section 7.2.5.

SECTION 7.2.9. Asset Dispositions, etc. Except for (i) Permitted Dispositions and (ii) as permitted pursuant to clause (a) or (b) of Section 7.2.8, the Borrower will not, and

will not permit any of its Subsidiaries to, sell, transfer, lease, contribute or otherwise convey, or grant options, warrants or other rights with respect to, all or any substantial part of its assets (including accounts receivable and capital stock of Subsidiaries) to any Person.

SECTION 7.2.10. Modification of Certain Agreements. After the Closing Date, the Borrower will not consent and will not permit any Subsidiary to consent to any amendment, supplement or other modification of any of the terms or provisions contained in, or applicable to,

(a) the EPIC Tendered Debt, the EPIC Redeemable Debt or any document or instrument evidencing or applicable to any Subordinated Debt, if the effect of such amendment or change is to increase the interest rate on such Indebtedness, change (to earlier dates) the date upon which payments of principal or interest are due thereon, change the subordination provisions thereof (or of any guaranty thereof) (if any) or if the effect of such amendment or change, together with all amendments or changes made, is to increase materially the obligations of the obligor or confer additional rights on the holder of such Indebtedness which would be adverse to the Borrower or the Lenders; or

(b) the AmSouth Facility.

SECTION 7.2.11. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates

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unless such arrangement or contract is fair and equitable to the Borrower or such Subsidiary and is an arrangement or contract of the kind which would be entered into by a prudent Person in the position of the Borrower or such Subsidiary with a Person which is not one of its Affiliates.

SECTION 7.2.12. Rate Protection Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, enter into Rate Protection Agreements for the purpose of currency or interest rate speculation or which is incurred on a leveraged basis.

ARTICLE VIII

EVENTS OF DEFAULT

SECTION 8.1. Listing of Events of Default. Each of the following events or occurrences described in this Section 8.1 shall constitute an "Event of Default".

SECTION 8.1.1. Non-Payment of Obligations. The Borrower or any other Obligor shall default

(a) in the payment or prepayment when due of any Reimbursement Obligation under any Letter of Credit or any deposit of cash for collateral purposes pursuant to Section 2.8.4 after demand shall have been made of the Borrower by the Administrative Agent; or

(b) in the payment or prepayment when due of any principal of any Loan; or

(c) in the payment when due of any interest on any Loan and such default shall continue unremedied for a period of three Business Days; or

(d) in the payment when due of any fee or of any other Obligation payable hereunder or under any other Loan Document and such default shall continue unremedied for a period of three Business Days.

SECTION 8.1.2. Breach of Warranty. Any representation or warranty of the Borrower or any other Obligor made or deemed to be made hereunder or in any other Loan Document executed by it or any other writing or certificate furnished by or on behalf of the Borrower or any other Obligor to the Administrative Agent or any Lender for the purposes of or in connection with this Agreement or any such other Loan Document (including any certificates delivered pursuant to Article V) is or shall be incorrect when made in any material respect; provided, however, that, subject to Section 8.4 in the case of clause (iii) below, an "Event of Default" shall not occur under this Section 8.1.2 with respect to (i) any materially false representation or warranty made by a Subsidiary of the Borrower in the Subsidiary Guaranty or made by the Borrower with respect to the Subsidiary Guaranty, (ii) any materially false representation or warranty made by a Subsidiary of the Borrower in the Subsidiary Stock Pledge Agreement, or in any other Collateral Document to which such Subsidiary is a party or made by the Borrower with respect to the Subsidiary Stock Pledge Agreement, or any other Collateral Document, or (iii) any materially false representation or warranty otherwise made by the Borrower with respect to its Subsidiaries, until such time as such materially false representation has caused a Material Adverse Effect.

SECTION 8.1.3. Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance and observance of any of its obligations under Section 7.1.6, Section 7.1.9 (with respect to EPIC and its Subsidiaries) or Section 7.2, or the Borrower or any of its Subsidiaries shall

fail to maintain or preserve its corporate existence to the extent required under Section 7.1.2.

SECTION 8.1.4. Non-Performance of Other Covenants and Obligations. Any Obligor shall default in the due performance and observance of any other

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agreement contained herein or in any other Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender.

SECTION 8.1.5. Default on Other Indebtedness. A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any Indebtedness (other than Indebtedness described in Section 8.1.1) of the Borrower or any of its Subsidiaries or any other Obligor having a principal amount, individually or in the aggregate, in excess of $10,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause such Indebtedness to become due and payable prior to its expressed maturity.

SECTION 8.1.6. Judgments. Any judgment or order for the payment of money in excess of $10,000,000 or any series of judgments or orders aggregating in excess of $20,000,0000 shall be rendered against the Borrower or any of its Subsidiaries or any other Obligor and either

(a) enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or

(b) there shall be any period of 45 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

SECTION 8.1.7. Pension Plans. Any of the following events shall occur with respect to any Pension Plan

(a) the institution of any steps by the Borrower, any member of its Controlled Group (including EPIC) or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrower or any such member could be required to make a contribution to such Pension Plan, or could reasonably expect to incur a liability or obligation to such Pension Plan, in excess of $15,000,000; or

(b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA.

SECTION 8.1.8. Control of the Borrower. Any Change in Control shall occur.

SECTION 8.1.9. Bankruptcy, Insolvency, etc. The Borrower or any of its Subsidiaries or any other Obligor shall

(a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness to pay, debts as they become due;

(b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Subsidiaries or any other Obligor or any property of any thereof, or make a general assignment for the benefit of creditors;

(c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Subsidiaries or any other Obligor or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, provided that the Borrower, each Subsidiary and each other Obligor hereby expressly authorizes the Administrative Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

(d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower or any of its Subsidiaries or any other Obligor, and, if any such case or proceeding is not commenced by the Borrower or such Subsidiary or such other Obligor, such case or proceeding shall be consented to or

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acquiesced in by the Borrower or such Subsidiary or such other Obligor or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that the Borrower, each Subsidiary and each other Obligor hereby expressly authorizes the Administrative Agent and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or

(e) take any action authorizing, or in furtherance of, any of the foregoing;

provided, however, that, with respect to any Subsidiary of the Borrower and subject to Section 8.4, an "Event of Default" shall not occur under this Section 8.1.9 until such time as such a Subsidiary or Subsidiaries accounting for more than 10.0% of the consolidated net revenues or more than 10.0% of the consolidated assets of the Borrower (as calculated as of the Closing Date until August 31, 1994 and thereafter for the Borrower's most recent Fiscal Year end) is or are the subject of one or more of the events described in this Section 8.1.9.

SECTION 8.1.10. Subsidiary Guaranty. (i) Without duplication of the terms of Section 8.1.11, the guaranty given by any Subsidiary of the Borrower under the Subsidiary Guaranty shall for any reason other than the satisfaction in full of all Obligations and termination of this Agreement or the release of such Subsidiary from its Obligations under the Subsidiary Guaranty in accordance with the terms thereof, cease to be in full force and effect at any time or is declared to be null and void or (ii) any such Subsidiary denies that it has any further liability under the Subsidiary Guaranty, or gives notice to such effect, and such denial or notice is not revoked within one Business Day after the earlier of (A) receipt by the Borrower of notice from the Administrative Agent or any Lender of such denial or notice or (B) the Borrower becomes aware of such denial or notice being made or given, as the case may be; provided, however, that, subject to Section 8.4, an "Event of Default" shall not occur under this Section 8.1.10 until such time as a Subsidiary or Subsidiaries of the Borrower accounting for more than 10.0% of the consolidated net revenues or more than 10.0% of the consolidated assets of the Borrower (as calculated as of the Closing Date until August 31, 1994 and thereafter for the Borrower's most recent Fiscal Year end) is or are the subject of one or more of the events described in this Section 8.1.10; provided further, however, that in making such determination (i) EPIC and its Subsidiaries shall be excluded from such calculation for the period commencing on the Closing Date and ending on the 90th day after the Closing Date and (ii) EPIC Properties, Inc. shall be excluded from such calculation until such time that all of the CMOs have been redeemed or otherwise retired.

SECTION 8.1.11. Impairment of Security, etc. Any Loan Document shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto or any Lien granted under any Loan Document on any substantial portion of the collateral shall, in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable Obligation of any Obligor party

thereto; the Borrower or any other Obligor shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or any Lien securing any Obligation shall, in whole or in part, cease to be a perfected prior to all other Liens (other than as a result of actions of the Collateral Agent or any Lender); provided, however, that, subject to Section 8.4, an "Event of Default" shall not occur under this Section 8.1.11 with respect to any of the foregoing relating to any Collateral Document to which a Subsidiary of the Borrower is a party until such time as a Subsidiary or Subsidiaries of the Borrower accounting for more than 10.0% of the consolidated net revenues or more than 10.0% of the consolidated assets of the Borrower (as calculated as of the Closing Date until August 31, 1994 and thereafter for the Borrower's most recent Fiscal Year end) is or are subject of one or more of the events described in this Section 8.1.12; provided, however, that in making such determination (i) EPIC and its Subsidiaries shall be excluded from such calculation for the period commencing on the Closing Date

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and ending on the 90th day after the Closing Date and (ii) EPIC Properties, Inc. shall be excluded from such calculation until such time that all of the CMOs have been redeemed or otherwise retired.

SECTION 8.2. Action if Bankruptcy. If any Event of Default described in clauses (a) through (d) of Section 8.1.9 shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3. Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (a) through (d) of Section 8.1.9) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Administrative Agent, upon the direction of the Required Lenders, shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, and/or, as the case may be, the Commitments shall terminate.

SECTION 8.4. Subsidiary Events of Default. With respect to Subsidiaries, if at any time the Subsidiary or Subsidiaries in default under any combination of Sections 8.1.2, 8.1.9, 8.1.10 and 8.1.11 account in the aggregate for more than 10.0% of the consolidated net revenues or more than 10.0% of the consolidated assets of the Borrower (as calculated as of the Closing Date

until August 31, 1994 and thereafter for the Borrower's most recent Fiscal Year end), then for so long as such condition remains in effect the final proviso in each of Sections 8.1.2, 8.1.9 and the first proviso in each of Sections 8.1.10 and 8.1.11 shall be deemed to be ineffective, inoperative and not a part of any of such Sections.

ARTICLE IX

THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT AND THE CO-AGENTS

SECTION 9.1. Actions. Each Lender hereby appoints (i) Scotiabank as its Administrative Agent and Collateral Agent and (ii) each of ABN AMRO Bank, N.V., Bank of America National Trust and Savings Association, The Chase Manhattan Bank, N.A., Chemical Bank, Citicorp USA, Inc., Continental Bank N.A., Deutsche Bank AG, New York Branch, First Union National Bank of North Carolina, General Electric Capital Corporation, The Industrial Bank of Japan, Limited, New York Branch, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Tennessee, N.A., Swiss Bank Corporation, San Francisco Branch, Third National Bank in Nashville, The Toronto-Dominion Bank, and Scotiabank as its Co-Agents, in each case under and for purposes of this Agreement, the Notes and each other Loan Document. Each Lender authorizes the Administrative Agent, the Collateral Agent and the Co-Agents to act on behalf of such Lender under this Agreement, the Notes and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Administrative Agent, the Collateral Agent or any Co-Agent, as the case may be (with respect to which the Administrative Agent, the Collateral Agent or any Co-Agent, as the case may be, agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Administrative Agent, the Collateral Agent or each Co-Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) the Administrative Agent, the Collateral Agent and each Co-Agent, pro rata according to such Lender's Percentage, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, the Administrative Agent, the Collateral Agent or such Co-Agent, as the case may be, in any way relating to or arising out of this Agreement, the Notes and any other Loan Document, including reasonable attorneys' fees, and as to which the Administrative Agent, the Collateral Agent or such Co-Agent is not reimbursed by

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the Borrower; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from the Administrative Agent's, the Collateral Agent's or such Co-Agent's gross negligence or wilful misconduct. Neither the Administrative Agent, the Collateral Agent nor any Co-Agent shall be required to take any action hereunder, under the Notes or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement, the Notes or any other Loan Document, unless it is indemnified hereunder to its satisfaction. If any indemnity in favor of the Administrative Agent, the Collateral Agent or any Co-Agent, as the case may be, shall be or become, in the Administrative Agent's, the Collateral Agent's or such Co-Agent's determination, inadequate, the Administrative Agent, the Collateral Agent or such Co-Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 9.2. Funding Reliance, etc. Unless the Administrative Agent shall have been notified by telephone, confirmed in writing, by any Lender by 5:00 p.m., New York City time, on the day prior to a Borrowing that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Administrative Agent, such Lender and the Borrower severally agree to repay the Administrative Agent forthwith on demand such corresponding amount together with all fees and expenses incurred in connection therewith and all interest thereon, for each day from the date the Administrative Agent made such amount available to the Borrower to the date such amount is repaid to the Administrative Agent, (i) in the case of such Lender, at the applicable Federal Funds Rate; provided, however, that if such Lender has not repaid the Administrative Agent such amount on or before the third day following demand for such amount, the interest thereon shall be at the Alternate Base Rate plus a margin of 1/2 of 1%, and (ii) in the case of the Borrower, at the interest rate applicable at the time to Loans comprising such Borrowing.

SECTION 9.3. Exculpation. Neither the Administrative Agent, the Collateral Agent nor any Co-Agent nor any of its directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own wilful misconduct or

gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of this Agreement or any other Loan Document, nor for the creation, perfection or priority of any Lien purported to be created by any of the Loan Document, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by the Borrower of its obligations hereunder or under any other Loan Document. Any such inquiry which may be made by the Administrative Agent, the Collateral Agent or any Co-Agent shall not obligate it to make any further inquiry or to take any action. The Administrative Agent, the Collateral Agent and each Co-Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which the Administrative Agent, the Collateral Agent or such Co-Agent believes to be genuine and to have been presented by a proper Person.

SECTION 9.4. Successor; Removal of Agent. (a) The Administrative Agent or the Collateral Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If the Borrower becomes liable for any Taxes (other than Taxes imposed by the United States or a political subdivision thereof) which result from the obligation of and performance of duties by the Administrative Agent hereunder in its capacity as such to make distributions to or for the account of any Payee and such Taxes would not have resulted had such distributions been made directly from the Borrower to any Payee, the Borrower may remove the Administrative Agent and, if the Administrative Agent is also the Collateral Agent, the Collateral Agent, by delivering to the Administrative Agent written notice thereof and such removal shall become effective on the date a replacement Administration Agent is

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appointed in accordance with the provisions set forth below. If the Administrative Agent or the Collateral Agent at any time shall resign or be removed, the Required Lenders may appoint another Lender as a successor Administrative Agent or Collateral Agent, as the case may be, which shall, subject to the Borrower's consent, thereupon become the Administrative Agent or Collateral Agent, as the case may be, hereunder. If no successor Administrative Agent or Collateral Agent, as the case may be, shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring or removed Administrative Agent's or the Collateral Agent's giving notice of resignation or receipt by the Administrative Agent of the notice of removal, as the case may be, then the retiring or removed Administrative Agent or Collateral Agent, as the case may be, may, on behalf of the Lenders, appoint a successor Administrative Agent or Collateral Agent, as the case may be, which shall be an Eligible Assignee. Upon the acceptance of any appointment as

Administrative Agent or Collateral Agent, as the case may be, hereunder by a successor Administrative Agent or Collateral Agent, as the case may be, such successor Administrative Agent or Collateral Agent, as the case may be, shall be entitled to receive from the retiring or removed Administrative Agent or Collateral Agent, as the case may be, such documents of transfer and assignment, and in the case of the Collateral Agent delivery of the collateral to the successor Collateral Agent, as such successor Administrative Agent or Collateral Agent, as the case may be, may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring or removed Administrative Agent or Collateral Agent, as the case may be, and the retiring or removed Administrative Agent or Collateral Agent, as the case may be, shall be discharged from its duties and obligations under this Agreement. After any retiring or removed Administrative Agent's or Collateral Agent's, as the case may be, resignation or removal hereunder as the Administrative Agent or Collateral Agent, as the case may be, the provisions of

(i) this Article IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent or Collateral Agent, as the case may be, under this Agreement; and

(ii) Section 10.3 and Section 10.4 shall continue to inure to its benefit.

(b) A Co-Agent may resign at any time by giving written notice thereof to the Borrower and the Administrative Agent.

(c) Nothing in this Agreement shall preclude there being a single Co-Agent which is both the Administrative Agent and Collateral Agent.

SECTION 9.5. Loans by Administrative Agent, Collateral Agent and Co-Agents. ABN AMRO Bank, N.V., Bank of America National Trust and Savings Association, The Chase Manhattan Bank, N.A., Chemical Bank, Citicorp USA, Inc., Continental Bank N.A., Deutsche Bank AG, New York Branch, First Union National Bank of North Carolina, General Electric Capital Corporation, The Industrial Bank of Japan, Limited, New York Branch, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Tennessee, N.A., Swiss Bank Corporation, San Francisco Branch, Third National Bank in Nashville, The Toronto-Dominion Bank, and Scotiabank shall have the same rights and powers with respect to the Loans made by it or any of its Affiliates, and may exercise the same as if it were not the Administrative Agent, Collateral Agent or Co-Agent, as the case may be. Each of ABN AMRO Bank, N.V., Bank of America National Trust and Savings Association, The Chase Manhattan Bank, N.A., Chemical Bank, Citicorp USA, Inc.,

Continental Bank N.A., Deutsche Bank AG, New York Branch, First Union National Bank of North Carolina, General Electric Capital Corporation, The Industrial Bank of Japan, Limited, New York Branch, The Long-Term Credit Bank of Japan, Limited, New York Branch, NationsBank of Tennessee, N.A., Swiss Bank Corporation, San Francisco Branch, Third National Bank in Nashville, The Toronto-Dominion Bank, and Scotiabank and their respective Affiliates may accept deposits from (to the extent permitted by law), lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not the Administrative Agent, Collateral Agent or Co-Agent, as the case may be hereunder.

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SECTION 9.6. Credit Decisions. Each Lender acknowledges that it has, independently of the Administrative Agent, the Collateral Agent, each Co-Agent and each other Lender, and based on such Lender's review of the financial information of the Borrower, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitments. Each Lender also acknowledges that it will, independently of the Administrative Agent, the Collateral Agent, each Co-Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

SECTION 9.7. Copies, etc. The Administrative Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to the Administrative Agent by the Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by the Borrower).

SECTION 9.8. No Obligations on Co-Agents. It is understood and agreed that nothing in this Agreement shall impose on the Co-Agents (as such) any duties or obligations whatsoever.

ARTICLE X

MISCELLANEOUS PROVISIONS

SECTION 10.1. Waivers, Amendments, etc. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; provided, however, that no such amendment, modification or waiver which would:

(a) modify any requirement hereunder that any particular action be taken by all the Lenders or by the Required Lenders shall be effective unless consented to by each Lender;

(b) modify this Section 10.1, change the definition of "Required Lenders", increase any Commitment Amount or the Percentage of any Lender, reduce any fees described inArticle III, reduce the rate of interest on any Loan other than as provided herein (other than a waiver or reduction of any increase in interest rates otherwise applicable pursuant to Section 3.2.2), extend any Commitment Termination Date or release all or any substantial part of the collateral security or release all or any substantial part of the guarantees (except, in each case, as otherwise specifically provided in any Loan Document) shall be made without the consent of each Lender;

(c) extend the due date for, or reduce the amount of, any scheduled amortization of principal under Section 3.1.2 or 3.1.3 of any Loan (or reduce the principal amount of any Loan) shall be made without the consent of the holder of that Note evidencing such Loan;

(d) affect adversely the interests, rights or obligations of any Issuer qua Issuer shall be made without the consent of such Issuer;

(e) affect adversely the interests, rights or obligations of the Collateral Agent qua the Collateral Agent shall be made without the consent of the Collateral Agent;

(f) affect adversely the interests, rights or obligations of the Administrative Agent qua the Administrative Agent shall be made without consent of the Administrative Agent; or

(g) impose any duty or obligation on any Co-Agent without the consent of such Co-Agent.

No failure or delay on the part of the Administrative Agent, any Lender or the holder of any Note in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further

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exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Administrative Agent, the Collateral Agent, any Co-Agent, any Issuer, any Lender or the holder of any Note under this Agreement or any other Loan Document shall, except as may be

otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 10.2. Notices. All notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below its signature hereto or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted upon receipt of electronic confirmation of transmission.

SECTION 10.3. Payment of Costs and Expenses. The Borrower agrees to pay on demand all reasonable costs and expenses of the Administrative Agent and the Collateral Agent (including the reasonable fees and out-of-pocket costs and expenses of (i) Mayer, Brown & Platt and (ii) local counsel to the Administrative Agent and the Collateral Agent, subject to the Borrower's reasonable approval) incurred in connection with

(a) the negotiation, preparation, execution and delivery of this Agreement and of each other Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to this Agreement or any other Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated; and

(b) the filing, recording, refiling or rerecording of the Pledge Agreements and/or any Uniform Commercial Code financing statements relating thereto and all amendments, supplements and modifications to any thereof and any and all other documents or instruments of further assurance required to be filed or recorded or refiled or rerecorded by the terms hereof or of the Pledge Agreements; and

(c) the preparation and review of the form of any document or instrument relevant to this Agreement or any other Loan Document.

The Borrower further agrees to pay, and to save the Administrative Agent, the Collateral Agent, each Issuer and the Lenders harmless from all liability for, any stamp, documentary or other similar taxes which may be payable in connection with the execution or delivery of this Agreement, the borrowings

hereunder, or the issuance of the Notes or any other Loan Documents. The Borrower also agrees to reimburse the Administrative Agent, the Collateral Agent, each Issuer and each Lender upon demand for all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Administrative Agent, the Collateral Agent, each Issuer and each Lender in connection with (x) the negotiation of any restructuring or "work-out", whether or not consummated, of any Obligations and (y) the enforcement of any Obligations.

SECTION 10.4. Indemnification. (a) In consideration of the execution and delivery of this Agreement by each Lender and the extension of the Commitments, the Borrower hereby indemnifies, exonerates and holds the Administrative Agent, the Collateral Agent, each Co-Agent, each Issuer and each Lender and each of their respective Affiliates, officers, directors, employees and agents (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith

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(irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(i) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Loan;

(ii) the entering into and performance of this Agreement and any other Loan Document by any of the Indemnified Parties;

(iii) the issuance of the Letters of Credit, other than as a result of the gross negligence or willful misconduct of the Issuer of the applicable Letters of Credit as determined by a court of competent jurisdiction;

(iv) the failure of an Issuer to honor a drawing under any Letter of Credit issued by it as a result of an act or omission, whether rightful or wrongful, of any present or futurede jure or de facto government or governmental authority;

(v) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by the Borrower or any of its Subsidiaries of all or any portion of the stock or assets of any Person, whether or not the

Administrative Agent, the Collateral Agent, any Co-Agent, any Issuer or any Lender is party thereto;

(vi) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by the Borrower or any of its Subsidiaries of any Hazardous Material; or

(vii) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by the Borrower or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, the Borrower or such Subsidiary,

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence or wilful misconduct, and if and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law except as aforesaid to the extent not payable by reason of the Indemnified Party's gross negligence or wilful misconduct or breach of such obligations.

(b) NEITHER THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, ANY ISSUER, ANY CO-AGENT NOR ANY LENDER SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY HEREUNDER OR ANY OTHER PERSON FOR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENTS.

SECTION 10.5. Survival. The obligations of the Borrower under Sections 2.8.6, 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4, and the obligations of the Lenders under Section 9.1, shall in each case survive any termination of this Agreement, the payment in full of all the Obligations and the termination of all the Commitments. The representations and warranties made by each Obligor in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each such other Loan Document.

SECTION 10.6. Severability. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or

affecting the validity or enforceability of such provision in any other jurisdiction.

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SECTION 10.7. Headings. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 10.8. Execution in Counterparts, Effectiveness, etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower and each Lender (or notice thereof satisfactory to the Administrative Agent) shall have been received by the Administrative Agent and notice thereof shall have been given by the Administrative Agent to the Borrower and each Lender.

SECTION 10.9. Governing Law; Entire Agreement. THIS AGREEMENT AND EACH OTHER LOAN DOCUMENT SHALL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK. Except as otherwise provided herein, this Agreement, the Notes and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.10. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that:

(a) the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the Administrative Agent and all Lenders; and

(b) the rights of sale, participation, assignment and transfer of the Lenders are limited to those set forth in Section 10.11.

SECTION 10.11. Securities Representation; Sale and Transfer of Loans and Notes; Participations in Loans and Notes. (a) Each Lender hereby represents that it is a commercial lender or financial institution and that it will make each Loan for its own account in the ordinary course of its business and not with a view to or for sale (except as permitted under this Section 10.11); provided, however, that the disposition of indebtedness held by such Lender shall at all times be within its exclusive control.

(b) Each Lender may assign, or sell participations in, its Loans and Commitments to one or more other Persons in accordance with this Section 10.11. Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.11, disclose to the Participant, or proposed assignee or Participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided, however, that such Lender shall require such Participant, or proposed assignee or Participant, to execute a Confidentiality Agreement prior to its disclosure to such Participant, or proposed assignee or Participant of any non-public information obtained by such Lender which has been identified as such by the Borrower.

SECTION 10.11.1. Assignments. (a) Any Lender, upon notice to the Borrower and the Administrative Agent

(i) after receipt of written consent of the Borrower (which consent shall not be unreasonably withheld but shall not be required during any period in which an Event of Default has occurred and is continuing) and, in the case of the assignment of all or part of the Revolving Loans or Revolving Loan Commitments, the consent of Scotiabank, in its capacity as Issuer and any Issuer which has issued Letters of Credit which are still outstanding and, if the Administrative Agent is not such an Issuer, the Administrative Agent (which consents shall be given or not given in the sole and absolute discretion of each Issuer and, if applicable, the Administrative Agent, whose determinations may take into account, without limitation, the creditworthiness of any proposed assignee and the likelihood of either increased costs to, or a reduction in the rate of return of capital of, such Issuer or Administrative Agent, as the case may be, if such proposed assignee were to become a "Lender", all in the opinion of each such Issuer and, if applicable, the Administrative Agent; provided, howeve, that any proposed assignee shall be deemed to be "creditworthy" for the purposes of the creditworthiness criterion described in this Section if the securities of such proposed assignee which would be its Benchmark Securities are rated at a level and in a

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manner that would not cause a Replacement Event with respect to such proposed assignee if, at the date of determination, such proposed assignee were a "Lender"), may assign and delegate to an Eligible Assignee (other than an affiliate of a Lender); and

(ii) may assign and delegate to any of its affiliates; provided, however, that if any Lender making an assignment pursuant to this clause (ii), or the affiliate of such Lender to which such assignment is made, can reasonably

foresee that the Borrower would be subject to additional costs underSection 2.8.6, 4.3, 4.4, 4.5 or 4.6 to which the Borrower would not be subject if such assignment was not made, then if such an assignment occurs, such affiliate shall not be entitled to reimbursement for additional costs pursuant to Section 2.8.6, 4.3, 4.4, 4.5 or 4.6 with respect to any Loans or participations in Letters of Credit so assigned to the extent such additional costs exceed the amount of additional costs that would have been payable with respect to such Loans or participations in Letters of Credit to the Lender from which such affiliate purchased such assignment

(each such assignee being referred to as an "Assignee Lender"), all or any fraction of such Lender's Loans and Commitments (which assignment and delegation may be non-pro rata; in a minimum aggregate amount of $5,000,000 if to a Lender and $15,000,000 if to any other Eligible Assignee (unless (i) such assignment is made to an affiliate of the assigning Lender or (ii) the remaining Loans and Commitments of any assigning Lender and its affiliates is less than $5,000,000 or $15,000,000, as the case may be, and such Lender and its affiliates assign all of such remaining Loans and Commitments to only one Eligible Assignee); provided, however, that the Borrower, each other Obligor and the Administrative Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned and delegated to an Assignee Lender until

(a) written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall have been given to the Borrower and the Administrative Agent by such Lender and such Assignee Lender; and

(b) such Assignee Lender shall have executed and delivered to the Borrower and the Administrative Agent a Lender Assignment Agreement and a Confidentiality Agreement, each accepted by the Administrative Agent; and

(c) the Assignee Lender has been registered as a Lender in the Register in accordance with Section 10.15 hereof; and

(d) the processing fees described below shall have been paid.

From and after the date that the Administrative Agent accepts such Lender Assignment Agreement and records the Assignee Lender as a Lender in the Register in accordance with Section 10.15 hereof, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent

that rights and obligations hereunder have been assigned and delegated to such Assignee Lender in connection with such Lender Assignment Agreement, shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the assigning Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it in connection with such Lender Assignment Agreement, shall be released from its obligations hereunder and under the other Loan Documents. Such assigning Lender or such Assignee Lender shall also pay a processing fee to the Administrative Agent upon delivery of any Lender Assignment Agreement in the amount of $3,000. Any attempted assignment and delegation not made in accordance with this Section 10.11.1 shall be null and void.

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(b) Notwithstanding clause (a), any Lender may assign and pledge all or any portion of its Loans and Note to any Federal Reserve Bank as collateral security pursuant to Regulation A of the F.R.S. Board and any Operating Circular issued by such Federal Reserve Bank; provided, however, that no such assignment under this clause (b) shall release the assignor Lender from any of its obligations hereunder.

SECTION 10.11.2. Participations. Any Lender may at any time sell to one or more commercial banks or other Persons which are "accredited investors" as defined in Regulation D of the Securities Act of 1933 (each of such commercial banks and other Persons being herein called a "Participant") participating interests in any of the Loans, Commitments, or other interests of such Lender hereunder; provided, however, that

(a) no participation contemplated in this Section 10.11.2 shall relieve such Lender from its Commitments or its other obligations hereunder or under any other Loan Document;

(b) such selling Lender shall remain solely responsible for the performance of its Commitments and such other obligations;

(c) the Borrower and each other Obligor and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Loan Documents;

(d) no Participant, as such, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document, except that such Lender may agree with any Participant that such Lender will not, without such Participant's consent, take

any actions of the type described in clause (b) or (c) of Section 10.1; and

(e) the Borrower shall not be required to pay any amount under Sections 2.8.6, 4.3, 4.4, 4.5 and 4.6 that is greater than the amount which it would have been required to pay had no participating interest been sold.

The Borrower acknowledges and agrees that each Participant, for purposes of Sections 4.8 and 4.9, shall be considered a Lender; provided, however, that (i) no Participant shall be entitled to receive any greater amount pursuant to Sections 4.8 and 4.9 than the transferor Lender would have been entitled to receive in respect of the amount of the participation effected by such transferor Lender to such Participant had not such participation occurred and (ii) each Participant shall be obligated to comply with the provisions of Section 4.10 as if it were a "Lender" if any of the circumstances described in said Section affect such Participant.

SECTION 10.12. Copies to Lenders. The Borrower agrees to distribute each document, instrument or communication it delivers to the Administrative Agent in accordance with the terms hereof.

SECTION 10.13. Other Transactions. Nothing contained herein shall preclude the Administrative Agent, the Collateral Agent, any Issuer, any Co-Agent or any Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.14. Confidentiality. Subject to clause (a)(ii) of Section 10.11, including, as required, the delivery of a Confidentiality Agreement executed by a Participant, or proposed assignee or Participant, each Lender shall hold all non-public information obtained pursuant to the requirements of this Agreement that has been identified as such by the Borrower in accordance with its customary procedure for handling confidential information of this nature and in accordance with safe and sound banking practices, and in any event, subject to Section 10.11, including, as required, the obtaining of a Confidentiality Agreement, may make disclosures reasonably required by a bona fide assignee or Participant, or a bona fide proposed assignee or Participant, in connection with the transfer, or the contemplated transfer, of any Loans or Commitments or any participation therein or to such Lender's auditors or counsel or as required or requested by any central bank or other regulatory authority having supervisory powers with respect to such Lender or any other

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governmental agency or representative thereof or pursuant to a court of competent jurisdiction (with or without a subpoena)

or other legal process; provided, however, that, unless specifically prohibited by applicable law or court order, each Lender shall notify the Borrower of any request by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of such Lender by such governmental agency) for disclosure of such information; provided, further, that in no event shall any Lender be obligated or required to return to the Borrower any materials furnished by the Borrower or any of its Subsidiaries. The obligations of this Section 10.14 shall not supersede or otherwise condition the obligations of signatories to a Confidentiality Agreement delivered in accordance with clause (b) of Section 10.11.

SECTION 10.15. The Register. The Administrative Agent, on behalf of the Borrower, shall maintain at its address set forth below its signature hereto a register for the recordation of the names and addresses of the Lenders and the Commitments of, and principal amount of any Term Loans, Delayed Term Loans or Revolving Loans and Letters of Credit issued by, each Lender from time to time (the "Register"), together with each payment made in respect of any thereof. The Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement notwithstanding any other notice, and no transfer of any Lender's interest shall be effective until the Person to whom such interest is transferred is recorded as a Lender in the Register. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

SECTION 10.16. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, THE ISSUERS, THE CO-AGENTS, THE LENDERS OR THE BORROWER SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY

PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OF FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 10.17. Waiver of Jury Trial. THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, THE ISSUERS, THE CO-AGENTS, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, THE ISSUERS, THE CO-AGENTS, THE LENDERS OR THE BORROWER. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, THE ISSUERS, THE CO-AGENTS, AND THE LENDERS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER LOAN DOCUMENT.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

HEALTHTRUST, INC. -
THE HOSPITAL COMPANY

By: /s/ Glenn D. Davis

Title: Treasurer

Address: 4525 Harding Road
Nashville, Tennessee 37205

Facsimile No.: (615) 298-6377

Attention: Glenn D. Davis
Treasurer

THE BANK OF NOVA SCOTIA,
as Administrative Agent,
Co-Agent and Lender

By: /s/ Mary K. Munoz

Authorized Signatory

Domestic
Office: 600 Peachtree Street, N.E.
Suite 2700
Atlanta, Georgia 30308

Facsimile No.: (404) 888-8998

Attention: Mary K. Munoz
Representative

LIBOR
Office: 600 Peachtree Street, N.E.
Suite 2700
Atlanta, Georgia 30308

Facsimile No.: (404) 888-8998

Attention: Mary K. Munoz
Representative

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ABN AMRO BANK, N.V., as Co-Agent and
Lender

By: /s/ W.P. Fischer

Title: Senior Vice President

By: /s/ W.D. Suttles

Title: Vice President

Domestic
Office: One Ravinia Drive, Suite 1200
Atlanta, Georgia 30346

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Facsimile No.: (404) 395-9188

Attention: Adam S. Greene

LIBOR
Office: One Ravinia Drive, Suite 1200
Atlanta, Georgia 30346

Facsimile No.: (404) 395-9188

Attention: Adam S. Greene

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Co Agent and Lender

By: /s/ Brad DeSpain

Title: Vice President

Domestic
Office: Credit Products Division
555 South Flower Street
11th Floor, #5618
Los Angeles, California 90071

Facsimile No.: (213) 228-2756

Attention: Brad DeSpain

LIBOR
Office: Credit Products Division
555 South Flower Street
11th Floor, #5618
Los Angeles, California 90071

Facsimile No.: (213) 228-2756

Attention: Brad DeSpain

THE CHASE MANHATTAN BANK, N.A., as Co-Agent and Lender

By: /s/ Elliott H. Jones

Title: Managing Director

Domestic
Office: One Chase Manhattan Plaza,
5th Floor
New York, New York 10081

Facsimile No.: (212) 552-7075

Attention: Michael Bayley

LIBOR
Office: One Chase Manhattan Plaza,
5th Floor
New York, New York 10081

Facsimile No.: (212) 552-7375

Attention: Barbara Hail or
Rocky Chan

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CHEMICAL BANK, as Co-Agent and Lender

By: /s/ Peter C. Eckstein

Title: Vice President

Domestic
Office: 270 Park Avenue
New York, New York 10017

Facsimile No.: (212) 972-0009

Attention: Peter C. Eckstein

LIBOR
Office: 270 Park Avenue
New York, New York 10017

Facsimile No.: (212) 972-0009

Attention: Peter C. Eckstein

CITICORP USA, INC., as Co-Agent and Lender

By: /s/ Barbara A. Cohen

Title: Vice President

Domestic
Office: 399 Park Avenue
New York, New York 10022
c/o Citicorp North America, Inc.
2001 Ross Avenue, Suite 1400
Dallas, Texas 75201

Telephone No.: (214) 953-3833
Facsimile No.: (214) 953-3888

Attention: J. Lang Aston

LIBOR
Office: 399 Park Avenue
New York, New York 10022
c/o Citicorp North America, Inc.
2001 Ross Avenue, Suite 1400
Dallas, Texas 75201

Telephone No.: (214) 953-3833
Facsimile No.: (214) 953-3888

Attention: J. Lang Aston

CONTINENTAL BANK N.A., as Co-Agent and
Lender

By: /s/ Michael J. McKenney

Title: Vice President

Domestic
Office: 231 South LaSalle Street

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Chicago, Illinois 60697

Facsimile No.: (312) 987-5833
(312) 987-7384

Attention: Michael J. McKenney

LIBOR
Office: 231 South LaSalle Street
Chicago, Illinois 60697

Facsimile No.: (312) 987-5833
(312) 987-7384

Attention: Michael J. McKenney

DEUTSCHE BANK AG, New York and/or Cayman
Islands Branch, as Co-Agent and Lender

By: /s/ Robert A. Maddux

Title: Director

By: /s/ Andreas J. Dirnagl

Title: Assistant Vice President

Domestic
Office: 31 West 52nd Street
New York, New York 10019

Facsimile No.: (212) 474-8212

Attention: Robert A. Maddux

LIBOR
Office: 31 West 52nd Street
New York, New York 10019

Facsimile No.: (212) 474-8212

Attention: Robert A. Maddux

FIRST UNION NATIONAL BANK OF NORTH
CAROLINA, as Co-Agent and Lender

By: /s/ Teresa D. Whelpley

Title: Vice President

Domestic
Office: One First Union Center TW-19
Charlotte, NC 28288-0735

Facsimile No.: (704) 374-9144

Attention: Teresa D. Whelpley

LIBOR
Office: One First Union Center TW-19
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Attention: Teresa D. Whelpley

GENERAL ELECTRIC CAPITAL CORPORATION, as
Co-Agent and Lender

By: /s/ Brian G. Reynolds

Title: Senior Vice President

Domestic
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Facsimile No.: (404) 988-2328

Attention: Brian G. Reynolds
Cheryl P. Boyd

LIBOR
Office: 5665 New Northside Drive
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Facsimile No.: (404) 988-2328

Attention: Brian G. Reynolds
Cheryl P. Boyd

THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW
YORK BRANCH, as Co-Agent and Lender

By: /s/ Junri Oda

Title: Senior Vice President &
Senior Manager

Domestic
Office: 245 Park Avenue
New York, New York 10167-0037

Facsimile No.: (212) 682-2870

Attention: Mr. Jim Welch
Vice President

LIBOR
Office: 245 Park Avenue
New York, New York 10167-0037

Facsimile No.: (212) 682-2870

Attention: Mr. Jim Welch
Vice President

THE LONG-TERM CREDIT BANK OF JAPAN,
LIMITED, New York Branch, as Co-Agent and
Lender

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By: /s/ Philip A. Marsden

Title: Deputy General Manager

Domestic
Office: 165 Broadway
49th Floor
New York, New York 10006

Facsimile No.: (212) 608-2371

Attention: Mr. Philip A. Marsden

LIBOR
Office: 165 Broadway
49th Floor
New York, New York 10006

Facsimile No.: (212) 608-2371

Attention: Mr. Philip A. Marsden

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Marquis One Tower, Suite 2801
245 Peachtree Center Avenue, NE
Atlanta, Georgia 30303

Facsimile No.: (404) 659-7210

Attention: Ms. Rebecca J. Sedlar
Vice President

NATIONSBANK OF TENNESSEE, as Co-Agent and
Lender

By: /s/ Patrick J. Neal

Title: Associate Vice President

Domestic
Office: One Nationsbank Plaza
Medical Industries, 2nd Floor
Nashville, Tennessee 37239-1697

Facsimile No.: (615) 749-4743

Attention: Patrick J. Neal

LIBOR
Office: One Nationsbank Plaza
Medical Industries, 2nd Floor
Nashville, Tennessee 37239-1697

Facsimile No.: (615) 749-4743

Attention: Patrick J. Neal

SWISS BANK CORPORATION, San Francisco
Branch, as Co-Agent and Lender

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By: /s/ Colin T. Taylor

Title: Director - Merchant Banking

By: /s/ David L. Parrot

Title: Associate Director -
Merchant Banking

Domestic
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Facsimile No.: (415) 989-7570

Attention: Colin T. Taylor

LIBOR
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Suite 1700
San Francisco, CA 94111-5884

Facsimile No.: (415) 989-7570

Attention: Colin T. Taylor

THIRD NATIONAL BANK IN NASHVILLE, as Co-
Agent and Lender

By: /s/ Kevin P. Lavender

Title: Group Vice President

Domestic
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Nashville, Tennessee 37219

Facsimile No.: (615) 748-5161

Attention: Kevin P. Lavender

LIBOR
Office: 201 Fourth Avenue North
Nashville, Tennessee 37219

Facsimile No.: (615) 748-5161

Attention: Kevin Lavender

THE TORONTO-DOMINION BANK, as Co-Agent and
Lender

By: /s/ Everett E. Walker

Title: Manager - Credit Administration

Domestic
Office: 909 Fannin, Suite 1700
Houston, Texas 77010

Facsimile No.: (713) 951-9921

Attention: E.E. Walker
Manager - Credit

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Administration

LIBOR
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Facsimile No.: (713) 951-9921

Attention: E.E. Walker
Manager - Credit
Administration

AMSOUTH BANK, N.A.

By: /s/ William P. Barnes

Title: Vice President

Domestic
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Birmingham, Alabama 35203

Facsimile No.: (205) 326-4075

Attention: William P. Barnes

LIBOR
Office: 1900 Fifth Avenue North
Birmingham, Alabama 35203

Facsimile No.: (205) 326-4075

Attention: William P. Barnes

THE BANK OF CALIFORNIA, N.A.

By: /s/ Richard A. Lopatt

Title: Vice President

Domestic
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Los Angeles, CA 90071

Facsimile No.: (213) 243-3552

Attention: Richard A. Lopatt

LIBOR
Office: 550 South Hope Street
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Facsimile No.: (213) 243-3552

Attention: Richard A. Lopatt

BANK OF IRELAND, Grand Cayman Branch

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By: /s/ Roger M. Burns

Title: Vice President

Domestic
Office: 640 Fifth Avenue
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Facsimile No.: (212) 586-7752

Attention: Roger M. Burns

LIBOR
Office: 640 Fifth Avenue
New York, New York 10019

Facsimile No.: (212) 586-7752

Attention: Roger M. Burns

CORESTATES BANK, N.A.

By: /s/ Cristina Lopez-Ona

Title: Commercial Officer

Domestic
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Philadelphia, PA 19101

Facsimile No.: (215) 786-8448

Attention: Cristina Lopez-Ona

LIBOR
Office: 1500 Market Street, West Tower
Philadelphia, PA 19101

Facsimile No.: (215) 786-8448

Attention: Vickie D'Alonzo

CREDITANSTALT-BANKVEREIN

By: /s/ Robert M. Biringer

Title: Senior Vice President

By: /s/ Donato R. Giuseppi, Jr.

Title: Deputy General Manager

Domestic
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Attention: R. Scott Newth

LIBOR

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Attention: Sofia Spinnato
            Administrative Assistant

THE DAIWA BANK, LIMITED

By: /s/ Teryll L. Herron

   Title: Vice President

By: /s/ E.B. Buchanan, Jr.

   Title: Vice President

Domestic
Office: 333 South Wacker Drive
         Suite 5400
         Chicago, Illinois 60606

Facsimile No.: (312) 876-1995

Attention: Operations Manager

LIBOR
Office: 333 South Wacker Drive
         Suite 5400
         Chicago, Illinois 60606

Facsimile No.: (312) 876-1995

Attention: Operations Manager

DRESDNER BANK AG, New York Branch

By: /s/ Peter Becker

   Title: Vice President

By: /s/ T. L. Darby

   Title: Vice President

Domestic
Office: 75 Wall Street
         New York, New York 10005

Facsimile No.: (212) 574-0129

Attention: Credit Services

LIBOR
Office: 75 Wall Street
         New York, New York 10005

Facsimile No.: (212) 574-0129

Attention: Credit Services

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FIRST AMERICAN NATIONAL BANK

By: /s/ Sandra K. Grimes

Title: Bank Officer

Domestic
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Nashville, Tennessee 37237-0203

Facsimile No.: (615) 748-2812

Attention: Sandra K. Grimes

LIBOR
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Facsimile No.: (615) 748-2812

Attention: Sandra K. Grimes

THE FIRST NATIONAL BANK OF BOSTON

By: /s/ Oscar Jazdowski

Title: Managing Director

Domestic
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Boston, MA 02110

Facsimile No.: (617) 434-0819

Attention: Oscar Jazdowski

LIBOR
Office: 100 Federal Street MS 01-08-04
Boston, MA 02110

Facsimile No.: (617) 434-0819

Attention: Oscar Jazdowski

MELLON BANK, N.A.

By: /s/ Marsha Wicker

Title: Assistant Vice President

Domestic
Office: Two Mellon Center, Room 270

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Pittsburgh, PA 15259

Facsimile No.: (412) 234-9010

Attention: Marsha Wicker

LIBOR
Office: Three Mellon Center
Loan Administration
Pittsburgh, PA 15259

Facsimile No.: (412) 234-5049

Attention: Elaine Washburn,
Loan Administration

MIDLAND BANK plc, New York Branch

By: /s/ Christopher French

Title: Director

Domestic
Office: 140 Broadway, 5th Floor
New York, New York 10005

Facsimile No.: (212) 658-2586

Attention: Christopher French

LIBOR
Office: 140 Broadway, 5th Floor
New York, New York 10005

Facsimile No.: (212) 658-2586

Attention: Christopher French

THE MITSUBISHI TRUST AND BANKING
CORPORATION

By: /s/ Masaaki Yamagishi

Title: Chief Manager

Domestic
Office: 440 South LaSalle Street
Suite 3180
Chicago, Illinois 60605

Facsimile No.: (312) 663-0863

Attention: Jordan Greene
Assistant Vice President

LIBOR
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Attention: Jordan Greene

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Assistant Vice President

PNC BANK

By: /s/ Christopher A. Black

Title: Assistant Vice President

Domestic
Office: 500 West Jefferson
Louisville, Kentucky 40207

Facsimile No.: (502) 581-2302

Attention: Mr. Chris Black

LIBOR
Office: 500 West Jefferson
Louisville, Kentucky 40207

Facsimile No.: (502) 581-2302

Attention: Mr. Chris Black

THE SAKURA BANK, LIMITED

By: /s/ M. Inaba

Title: Vice President and
Senior Manager

Domestic
Office: 245 Peachtree Center Avenue,
Suite 2703
Atlanta, Georgia 30303

Facsimile No.: (404) 521-1133

Attention: Charles Zimmerman
Vice President

LIBOR
Office: 245 Peachtree Center Avenue,
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Facsimile No.: (404) 521-1133

Attention: Charles Zimmerman
Vice President

SHAWMUT BANK CONNECTICUT, N.A.

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By: /s/ Manfred O. Eigenbrod

Title: Vice President

Domestic
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MSM 397
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Facsimile No.: (203) 986-4621
(203) 986-5367

Attention: Rex Fowler
Assistant Vice President

LIBOR
Office: 777 Main Street
MSM 397
Hartford, Connecticut 06115

Facsimile No.: (203) 986-4621
(203) 986-5367

Attention: Rex Fowler
Assistant Vice President

THE SUMITOMO BANK, LIMITED

By: /s/ Yoshinori Kawamura

Title: Joint General Manager

Domestic
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One World Trade Center
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New York, New York 10048

Facsimile No.: (212) 553-0118

Attention: Michael D. Deadder
Assistant Vice President

LIBOR
Office: New York Branch
One World Trade Center
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New York, New York 10048

Facsimile No.: (212) 553-0118

Attention: Michael D. Deadder
Assistant Vice President

THE TOKAI BANK, LIMITED, Atlanta Agency

By: /s/ Ryuji Kurihara

Title: Deputy General Manager

Domestic
Office: 285 Peachtree Center Avenue, NE

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Attention: William R. Stutts

LIBOR
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Suite 2802
Atlanta, Georgia 30303

Facsimile No.: (404) 653-0737

Attention: William R. Stutts

UNION PLANTERS NATIONAL BANK

By: /s/ H. Blaine Strock, III

Title: Vice President

Domestic
Office: 401 Union Street, Second Floor
Nashville, Tennessee 37219

Facsimile No.: (615) 726-4274

Attention: H. Blaine Strock, III

LIBOR
Office: 401 Union Street, Second Floor
Nashville, Tennessee 37219

Facsimile No.: (615) 726-4274

Attention: H. Blaine Strock, III

UNITED STATES NATIONAL BANK OF OREGON

By: /s/ David Wynde

Title: Vice President

Domestic
Office: 111 S.W. Fifth Avenue, T-29
P.O. Box 8837
Portland, Oregon 97208

Facsimile No.: (503) 275-4267

Attention: David Wynde
National Corporate Banking

LIBOR
Office: 111 S.W. Fifth Avenue, PL-7
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Portland, Oregon 97208

Facsimile No.: (503) 275-4600

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Attention: Carol Banhart
Note Department

WELLS FARGO BANK, N.A.

By: /s/ Brian O'Melveny

Title: Assistant Vice President

Domestic
Office: 420 Montgomery Street
MAC 0101-091
San Francisco, CA 94163

Facsimile No.: (415) 421-1352

Attention: Brian O'Melveny

LIBOR
Office: 420 Montgomery Street
MAC 0101-091
San Francisco, CA 94163

Facsimile No.: (415) 989-4319

Attention: Barbara Kattman

AMENDMENT NO. 1 TO CREDIT AGREEMENT

This AMENDATORY AGREEMENT, dated as of May 9, 1994, to the Credit Agreement, dated as of April 28, 1994 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Existing Credit Agreement") by and among HEALTHTRUST, INC. -- THE HOSPITAL COMPANY, a Delaware corporation (the "Borrower"), the various financial institutions parties thereto (collectively, the "Lenders"), THE BANK OF NOVA SCOTIA ("Scotiabank") and ABN AMRO BANK, N.V., BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, THE CHASE MANHATTAN BANK, N.A., CHEMICAL BANK, CITICORP USA, INC., CONTINENTAL BANK N.A., DEUTSCHE BANK AG, NEW YORK BRANCH, FIRST UNION NATIONAL BANK OF NORTH CAROLINA, GENERAL ELECTRIC CAPITAL CORPORATION, THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH, THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED, NEW YORK BRANCH, NATIONSBANK OF TENNESSEE, N.A., SWISS BANK CORPORATION, SAN FRANCISCO BRANCH, THIRD NATIONAL BANK IN NASHVILLE and THE TORONTO-DOMINION BANK, as co-agents (the "Co-Agents") for the Lenders, and Scotiabank, as administrative agent (in such capacity, the "Administrative Agent") for the Co-Agents and the Lenders.

W I T N E S S E T H:

WHEREAS, the Borrower has requested, and the Lenders are willing, on the terms and subject to the conditions hereinafter set forth, to amend the Existing Credit Agreement to restate certain covenants and schedules as set forth herein;

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereto agree as follows:

ARTICLE I

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DEFINITIONS

SECTION 1.1. Certain Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendatory Agreement, including its preamble and recitals, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Amendment No. 1" means this Amendatory Agreement.

"Amendment No. 1 Effective Date" is defined in Section 3.1.

"Borrower" is defined in the preamble.

"Co-Agents" is defined in the preamble.

"Existing Credit Agreement" is defined in the preamble.

"Lenders" is defined in the preamble.

"Scotiabank" is defined in the preamble.

SECTION 1.2. Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendatory Agreement, including its preamble and recitals, have the meanings provided in the Existing Credit Agreement.

ARTICLE II

AMENDMENTS TO EXISTING CREDIT AGREEMENT AS OF THE AMENDMENT NO. 1 EFFECTIVE DATE

Effective on (and subject to the occurrence of) the Amendment No. 1 Effective Date, the Existing Credit Agreement is hereby amended in accordance with this Article II. Except as so amended, the Existing Credit Agreement shall continue in full force and effect.

SECTION 2.1. Amendments to the Credit Agreement.

SECTION 2.1.1. Amendments to Section 1.1. Section 1.1 of the Existing Credit Agreement is hereby amended by inserting the following new terms in their alphabetically appropriate places:

> "Amendment No. 1" means the Amendatory Agreement, dated as of May 9, 1994, among the parties thereto, amending this Agreement as then in effect.
>
> "Amendment No. 1 Effective Date" is defined in Section 3.1 of Amendment No. 1.

SECTION 2.1.2. Amendment to Section 2.8.2 of the Existing Credit Agreement. Section 2.8.2 of the Existing Credit Agreement is hereby amended by deleting the phrase "and, if entitled thereto, a ratable portion of any payment made by the Borrower" at the end of the proviso thereto.

SECTION 2.1.3. Amendments to Article VII of the Existing Credit Agreement. Article VII of the Existing Credit Agreement is hereby amended as set forth below:

> (a) Clause (c)(i) of Section 7.1.6 of the Existing Credit Agreement is hereby amended by adding the phrase "or loan or contribute such proceeds to EPIC or its Subsidiaries to pay" after the word pay in such clause.
>
> (b) Clause (e) of Section 7.2.5 of the Existing Credit Agreement is hereby amended in its entirety to read as set forth below:

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"(e) Investments in general acute care hospitals or other health care businesses (other than as acquired in the Other Transactions and Hospital Exchanges) or a Person which owns or leases a general acute care hospital or other health care business (i) to the extent the consideration for which is Common Stock or (ii) in an aggregate amount not to exceed $150,000,000 in any Fiscal Year or $310,000,000 from and after the Effective Date, plus an amount equal to the sum of (x) 100% of Net Disposition Proceeds not applied to prepay Loans and (y) Net Equity Proceeds designated by the Borrower to the Administrative Agent in writing to be used for the purpose of making such investments within one year of the receipt of such Net Equity Proceeds;".

(c) Clause (c) of Section 7.2.8 of the Existing Credit Agreement is hereby amended in its entirety to read as set forth below:

"(c) the Borrower or any of its Subsidiaries may purchase all or substantially all of the assets of any Person, or acquire such Person by merger to the extent permitted as an Investment pursuant to Section 7.2.5 or if the sole consideration for such purchase is Common Stock.".

SECTION 2.1.4. Amendment to Disclosure Schedule. The Disclosure Schedule of the Existing Credit Agreement shall be amended to insert the items listed on Annex I hereto at the end thereof.

ARTICLE III

CONDITIONS TO EFFECTIVENESS

SECTION 3.1. Amendment No. 1 Effective Date. This Amendatory Agreement shall become effective as of the date upon which (the "Amendment No. 1 Effective Date ") all the conditions set forth in this Section 3.1 shall have been satisfied (on or prior to such date) and, thereafter, this Amendatory Agreement shall be known, and may be referred to, as "Amendment No. 1".

SECTION 3.1.1. Execution of Counterparts. The Administrative Agent shall have received counterparts of this Amendatory Agreement duly executed by the Borrower, the Co-Agents, the Administrative Agent and the Required Lenders. The delivery of an executed counterpart hereof by the Borrower shall constitute a representation and warranty by the Borrower that, on the date of such delivery and on Amendment No. 1 Effective Date, after giving effect to Amendment No. 1, all statements set forth in Section 5.2.1 of the Credit Agreement are true and correct as of each such date.

SECTION 3.1.2. Legal Details, etc. All documents executed or submitted pursuant hereto shall be satisfactory in form and substance to the Administrative Agent and its counsel and shall include certified copies of board resolutions of the Borrower and its Subsidiaries authorizing the transactions contemplated hereby and certificates of incumbency for those officers of such Persons authorized to execute and deliver all agreements and instruments contemplated hereby or relating hereto. The Administrative Agent shall have received all information, and such counterpart originals or such certified or other copies of such other materials, as the Administrative Agent or its counsel may reasonably request, and all legal matters incident to the transactions contemplated by this Amendment shall be satisfactory to the Administrative Agent and its counsel. In addition, the Administrative Agent shall have received such other agreements and documents as it may from time to time request.

SECTION 3.1.3. Payment of Fees and Expenses. The Borrower shall have paid in full all reasonable fees and expenses of the Scotiabank, or its counsel or consultants incurred in respect of the negotiation, preparation and review of the documentation relating to the transactions contemplated by this Amendment No. 1 invoiced on or prior thereto.

ARTICLE IV

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MISCELLANEOUS

SECTION 4.1. Cross-References. References in this Amendatory Agreement to any Article or Section are, unless otherwise specified or otherwise required by the context, to such Article or Section of this Amendatory Agreement.

SECTION 4.2. Loan Document Pursuant to Credit Agreement; Limited Waiver. This Amendatory Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered, and applied in accordance with all of the terms and provisions of the Credit Agreement. Except as expressly amended or waived hereby, all of the representations, warranties, terms, covenants and conditions of the Credit Agreement shall remain unamended and unwaived. The amendments, waivers and other terms set forth herein shall be limited precisely as provided for herein and shall not be deemed to be a waiver of, amendment of, consent to, or modification of, any other term or provision of the Credit Agreement or of any term or provision of any other Collateral Document or Loan Document or of any transaction or further or future action on the part of the Borrower which would require the consent of any of Scotiabank under the Credit Agreement.

SECTION 4.3. Successors and Assigns. This Amendatory Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 4.4. Counterparts. This Amendatory Agreement may be executed by the parties hereto in several counterparts and be deemed to be an original and all of which shall constitute together but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be executed and delivered by their authorized agents of representatives as of the date first above written.

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

By: ----------------------------
Title:

THE BANK OF NOVA SCOTIA, as Administrative Agent, Co-Agent and Lender

By: ----------------------------
Title:

ABN AMRO BANK, N.V., as Co-Agent and Lender

By: ----------------------------
Title:

By: ----------------------------
Title:

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Co-Agent and Lender

By: ----------------------------
Title:

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THE CHASE MANHATTAN BANK, as
Co-Agent and Lender

By: -----------------------------
Title:

CHEMICAL BANK, as
Co-Agent and Lender

By: -----------------------------
Title:

CITICORP USA, INC., as
Co-Agent and Lender

By: -----------------------------
Title:

CONTINENTAL BANK N.A., as
Co-Agent and Lender

By: -----------------------------
Title:

DEUTSCHE BANK AG, New York and/or
Cayman Islands Branch, as
Co-Agent and Lender

By: -----------------------------
Title:

By: -----------------------------
Title:

FIRST UNION NATIONAL BANK OF NORTH
CAROLINA, as
Co-Agent and Lender

By: -----------------------------
Title:

GENERAL ELECTRIC CAPITAL
CORPORATION, as Co-Agent and Lender

By: -----------------------------
Title:

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, New York Branch, as
Co-Agent and Lender

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By:

Title:

THE LONG-TERM CREDIT BANK OF JAPAN,
LIMITED, New York Branch, as Co-
Agent and Lender

By:

Title:

NATIONSBANK OF TENNESSEE, as Co-
Agent and Lender

By:

Title:

SWISS BANK CORPORATION, San
Francisco Branch, as Co-Agent and
Lender

By:

Title:

By:

Title:

THIRD NATIONAL BANK IN NASHVILLE,
as Co-Agent and Lender

By:

Title:

THE TORONTO-DOMINION BANK, as Co-
Agent and Lender

By:

Title:

AMSOUTH BANK, N.A.

By:

Title:

THE BANK OF CALIFORNIA, N.A.

By:

Title:

BANK OF IRELAND, Grand Cayman
Branch

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By:

Title:

CORESTATES BANK, N.A.

By:

Title:

CREDITANSTALT-BANKVEREIN

By:

Title:

By:

Title:

THE DAIWA BANK, LIMITED

By:

Title:

By:

Title:

DRESDNER BANK, AG, New York Branch

By:

Title:

By:

Title:

FIRST AMERICAN NATIONAL BANK

By:

Title:

FIRST NATIONAL BANK OF BOSTON

By:

Title:

MELLON BANK, N.A.

By:

Title:

MIDLAND BANK plc, New York Branch

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By:

Title:

THE MITSUBISHI TRUST AND BANKING CORPORATION

By:

Title:

PNC BANK

By:

Title:

THE SAKURA BANK, LIMITED

By:

Title:

SHAWMUT BANK CONNECTICUT, N.A.

By:

Title:

THE SUMITOMO BANK, LIMITED

By:

Title:

THE TOKAI BANK, LIMITED, Atlanta Agency

By:

Title:

UNION PLANTERS NATIONAL BANK

By:

Title:

UNTIED STATES NATIONAL BANK OF OREGON

By:

Title:

WELLS FARGO BANK, N.A.

By:

Title:

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