FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(MARK ONE)

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

For the quarterly period ended March 31, 1995

OR

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

For the transition period from ....to..........

Commission file number 0-10454

UNIVERSAL HEALTH SERVICES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	23-2077891
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

UNIVERSAL CORPORATE CENTER
367 SOUTH GULPH ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406

(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code (610) 768-3300

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common shares outstanding, as of April 30, 1995.

Class A	1,090,527
Class B	12,618,614
Class C	109,622
Class D	21,598

UNIVERSAL HEALTH SERVICES, INC.

I N D E X

PART I. FINANCIAL INFORMATION

UNIVERSAL HEALTH SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(000's omitted except per share amounts)
(unaudited)

	THREE MONTHS ENDED MARCH 31, 1995	THREE MONTHS ENDED MARCH 31, 1994
Net Revenues	$ 220,715	$ 194,432
Operating charges:		
Operating expenses	84,469	74,327
Salaries and wages	78,021	69,870
Provision for doubtful accounts	17,185	13,208
Depreciation and amortization	11,310	9,920
Lease and rental expense	8,772	8,491
Interest expense, net	1,614	1,822
	201,371	177,638
Income before income taxes	19,344	16,794
Provision for income taxes	7,503	6,507
NET INCOME	$ 11,841	$ 10,287
Earnings per common and common equivalent share:	$ 0.85	$ 0.72
Weighted average number of common shares and equivalents:	13,942	14,761

See accompanying notes to these condensed consolidated financial statements.

UNIVERSAL HEALTH SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(000's omitted)

	MARCH 31, 1995 (UNAUDITED)	DECEMBER 31, 1994
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,832	$ 780
Accounts receivable, net	90,511	84,818
Supplies	15,827	15,723
Deferred income taxes	18,491	12,942
Other current assets	5,407	4,126
Total current assets	132,068	118,389
Property and equipment	608,070	596,702
Less: accumulated depreciation	(272,650)	(265,059)
	335,420	331,643
OTHER ASSETS:		
Excess of cost over fair value of net assets acquired	37,572	38,762
Deferred income taxes	2,742	2,742
Deferred charges	1,630	1,527
Other	29,800	28,429
	71,744	71,460
	$ 539,232	$ 521,492
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 7,175	$ 7,236
Accounts payable and accrued liabilities	92,072	92,129
Federal and state taxes	17,228	4,417
Total current liabilities	116,475	103,782
Other noncurrent liabilities	74,831	71,956
Long-term debt, net of current maturities	75,038	85,125
COMMON STOCKHOLDERS' EQUITY:		
Class A Common Stock, 1,090,527 shares outstanding in 1995, 1,090,527 in 1994	11	11
Class B Common Stock, 12,618,277 shares outstanding in 1995, 12,591,854 in 1994	126	126
Class C Common Stock, 109,622 shares outstanding in 1995, 109,622 in 1994	1	1
Class D Common Stock, 21,953 shares outstanding in 1995, 22,769 in 1994	0	0
Capital in excess of par, net of deferred compensation of $332,000 in 1995 and $414,000 in 1994	88,713	88,295
Retained earnings	184,037	172,196
	272,888	260,629
	$ 539,232	$ 521,492

See accompanying notes to these condensed consolidated financial statements.

UNIVERSAL HEALTH SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED MARCH 31, (000'S UNAUDITED) 1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$11,841	$10,287
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation & amortization	11,310	9,920
Provision for self-insurance reserves	4,504	2,900
Changes in assets & liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable	(5,693)	(5,946)
Accrued interest	(1,891)	(1,601)
Accrued and deferred income taxes	7,262	3,458
Other working capital accounts	(105)	(3,840)
Other assets and deferred charges	(2,085)	(171)
Other	529	171
Payments made in settlement of self-insurance claims	(1,566)	(3,889)
NET CASH PROVIDED BY OPERATING ACTIVITIES	24,106	11,289
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment additions	(13,536)	(11,871)
Disposition of assets	250	250
NET CASH USED IN INVESTING ACTIVITIES	(13,286)	(11,621)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additional borrowings	0	2,284
Reduction of long-term debt	(10,148)	0
Issuance of common stock	380	278
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(9,768)	2,562
INCREASE IN CASH AND CASH EQUIVALENTS	1,052	2,230
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	780	569
CASH AND CASH EQUIVALENTS, END OF PERIOD	$1,832	$2,799
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$3,505	$3,423
Income taxes paid, net of refunds	$241	$3,049

See accompanying notes to these condensed consolidated financial statements.

UNIVERSAL HEALTH SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) GENERAL

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and reflect all adjustments which, in the opinion of the Company, are necessary to fairly present results for the interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the accompanying disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements, accounting policies and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1994.

(2) EARNINGS PER SHARE

Earnings per share are based on the weighted average number of common shares outstanding during the year adjusted to give effect to common stock equivalents. Earnings per share have been adjusted for the three months ended March 31, 1994 to reflect the assumed conversion of the Company's convertible debentures. In April 1994, the Company redeemed the debentures which reduced the fully diluted number of shares outstanding by 451,233.

(3) UNUSUAL ITEMS

Included in net revenues for the three month periods ended March 31, 1995 and 1994 was $3.3 million and $3.0 million, respectively, of additional revenues received from special Medicaid reimbursements received by one of the Company's acute care facilities which participates in the Texas Medical Assistance Program. Upon meeting certain conditions of participation and serving a disproportionally high share of the state's low income patients, the hospital became eligible and received additional reimbursement from the state's disproportionate share hospital fund. This program is scheduled to terminate in August, 1995 and the Company cannot predict whether this program will continue beyond the scheduled termination date.

(4) OTHER LIABILITIES

Other noncurrent liabilities include the long-term portion of the Company's professional and general liability and workers' compensation reserves.

(5) COMMITMENT AND CONTINGENCIES

Under certain agreements, the Company has committed or guaranteed an aggregate of $20,000,000 related principally to the Company's self-insurance programs and as support for various debt instruments and loan guarantees.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Net revenues increased 14% or $26 million to $220.7 million for the three months ended March, 31, 1995 as compared to the comparable prior year period due primarily to revenue growth at facilities owned during both periods and the acquisition of a 112-bed acute care hospital in November of 1994. Net revenues at hospital facilities owned during both periods increased 8% or $15 million for the three months ended March 31, 1995 as compared to the comparable prior year period, excluding the additional revenues received from the special Medicaid reimbursements received by one of the Company's Acute Care facilities which participate in the Texas Medical Assistance Program. Upon meeting certain conditions of participation and serving a disproportionally high share of the states low income patients, the hospital became eligible and received additional reimbursement from the state's disproportionate share hospital fund totaling $3.3 million and $3.0 million for the three months ended March 31, 1995 and 1994, respectively. These programs are scheduled to terminate in August, 1995 and the Company cannot predict whether these programs will continue beyond the scheduled termination date.

Excluding the net revenue effects of the special Medicaid reimbursement programs mentioned above, earnings before interest, income taxes, depreciation, amortization and lease rental expense (EBITDAR) increased 11% or $3.8 million to $37.8 million for the three months ended March 31, 1995 as compared to $34.0 million in the comparable prior year period. Overall operating margins, excluding the special Medicaid reimbursements, were 17.3% for the three months ended March 31, 1995 as compared to 17.8% in the comparable prior year period.

ACUTE CARE SERVICES

Net revenues from the Company's acute care hospitals and ambulatory treatment centers accounted for 85% of the consolidated net revenues for each of the three month periods ended March 31, 1995 and 1994. Net revenues at the Company's acute care hospitals owned during both periods increased 9% during the three months ended March 31, 1995 over the comparable prior year period, after excluding the revenues received from the special Medicaid reimbursements described above. Despite the continued shift in the delivery of healthcare services to outpatient care, the Company's acute care hospitals experienced a 4% increase in patient days and a 10% increase in admissions for the three months ended March 31, 1995 as compared to the comparable prior year period. Outpatient activity at the Company's acute care hospitals continues to increase as gross outpatient revenues at these hospitals increased 17% for the three months ended March 31, 1995 over the prior year period and continues to comprise 23% of the Company's acute care gross patient revenues. The increase is primarily the result of advances in medical technologies, which allow more services to be provided on an outpatient basis, increased pressure from Medicare, Medicaid, health maintenance organizations (HMOs), preferred provider organizations (PPOs) and insurers to reduce hospital stays and provide services, where possible, on a less expensive outpatient basis and the acquisition of several physician practices. To accommodate the increased utilization of outpatient services, the Company has expanded or redesigned several of its outpatient facilities and services.

In addition, to take advantage of the trend toward increased outpatient services, the Company has continued to invest in the acquisition and development of outpatient surgery and radiation therapy centers. The Company currently operates or manages twenty-two outpatient treatment centers, which have contributed to the increase in the Company's outpatient revenues. The Company expects the growth in outpatient services to continue, although the rate of growth may be moderated in the future.

BEHAVIORAL HEALTH SERVICES

Net revenues from the Company's behavioral health services accounted for 14% and 15% of the consolidated net revenues for the three month period ended March 31, 1995 and 1994, respectively. Net revenues at the Company's psychiatric hospitals owned during both periods increased 2% during the three months ended March 31, 1995 over the comparable prior year period due primarily to a 12% increase in admissions and a slight increase in patient days. The average length of stay was 12.9 days in the 1995 quarter compared to 14.3 days in the 1994 quarter. The reduction in the average length of stay is a result of changing practices in the delivery of psychiatric care and continued cost containment pressures from payers which includes a greater emphasis on the utilization of outpatient services. Management of the Company has responded to these trends by developing and marketing new outpatient treatment programs. The shift to outpatient care is reflected in higher revenues from outpatient services, as gross outpatient revenues at the Company's psychiatric hospitals increased 25% for the three months ended March 31,1995 as compared to the comparable prior year quarter and now comprises 16% of psychiatric gross patient revenues as compared to 13% in the prior year quarter.

OTHER OPERATING RESULTS

Depreciation and amortization expense increased $1.4 million for the three months ended March 31, 1995 as compared to the comparable prior year period due primarily to the acquisition of a 112-bed acute care hospital in November of 1994 and additional depreciation expense related to capital expenditures and expansions made in the Company's acute care division.

Interest expense decreased 11% in the 1995 first quarter as compared to last year's first quarter due to lower average outstanding borrowings.

The effective tax rate was 39% in each of the quarters ended March 31, 1995 and 1994.

GENERAL TRENDS

An increased proportion of the Company's revenue is derived from fixed payment services, including Medicare and Medicaid which accounted for 43% and 41% of the Company's net patient revenues for the three months ended March 31, 1995 and 1994, respectively, excluding the additional revenues from special Medicaid reimbursement programs. The Company expects the Medicare and Medicaid revenues to continue to increase as a larger portion of the general population qualifies for coverage as a result of the aging of the population and expansion of state Medicaid programs. The Medicare program reimburses the Company's hospitals primarily based on established rates by a diagnosis related group for acute care hospitals and by a cost based formula for psychiatric hospitals.

In addition to the Medicare and Medicaid programs, other payers continue to actively negotiate the amounts they will pay for services performed. In general, the Company expects the percentage of its business from managed care programs, including HMOs and PPOs to grow. The consequent growth in managed care networks and the resulting impact of these networks on the operating results of the Company's facilities vary among the markets in which the Company operates.

In addition to the trends described above that continue to have an impact on operating results, there are a number of other, more general factors affecting the Company's business. The Company and the healthcare industry as a whole face increased uncertainty with respect to the level of payer payments because of national and state efforts to reform healthcare. These efforts include proposals at all levels of government to contain healthcare costs while making quality, affordable health services available to more Americans. The Company is unable to predict which proposals, if any, will be adopted or the resulting implications for providers at this time. However, the Company believes that the delivery of primary care, emergency care, obstetrical services, outpatient surgery, diagnostic and radiation services and psychiatric services will be an integral component of any strategy for controlling healthcare costs and it also believes it is well positioned to provide these services.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $24.1 million during the first three months of 1995 as compared to $11.3 million in the comparable 1994 period. The increase during the 1995 quarter as compared to 1994 was due primarily to a $4.5 million increase in net income plus the addback of the non-cash charges (depreciation and amortization and provision for self-insurance reserves), a $2.8 million decrease in income tax payments and a $2.3 million decrease in payments made in settlement of self-insurance claims. The net cash provided by operating activities substantially exceeded the scheduled maturities of long-term debt.

During the first three months of 1995, the Company used $13.5 million of its operating cash flow to finance capital expenditures and $10.1 million to reduce outstanding debt.

During the fourth quarter of 1994, the Company signed letters of intent to acquire a 225-bed acute and psychiatric care hospital in Aiken, South Carolina and a 512-bed acute care hospital located in Bradenton, Florida in exchange for approximately $200 million in cash and two acute care facilities. The closing of these transactions, which are subject to a number of conditions, are expected to occur during the second and third quarters of 1995, respectively. In addition, in connection with the acquisition of Edinburg hospital in 1994, the Company is committed to invest at least an additional $30 million over a ten year period to renovate the existing facility and construct an additional facility.

The Company expects to finance all capital expenditures and acquisitions with internally generated funds and borrowed funds. Additional borrowed funds may be obtained either through refinancing the existing commercial paper facility or the issuance of long-term securities. Subsequent to March 31, 1995, the Company amended the terms of its revolving credit agreement. The amended agreement, which expires on March 31, 2000, provides for $225 million of borrowing capacity, subject to certain conditions, until March 31, 1998, $210 million until March 31, 1999 and $185 million until March 31, 2000. Including this additional borrowing capacity, as of March 31, 1995, the Company had approximately $236 million of unused borrowing capacity under its commercial paper program and revolving credit facility.

PART II. OTHER INFORMATION

UNIVERSAL HEALTH SERVICES, INC. AND SUBSIDIARIES

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

10.1 Amendment to the Credit Agreement dated as of April 24, 1995 among Universal Health Services, Inc., Certain Participating Banks and Morgan Guaranty Trust Company of New York, as Agent.

27 Financial Data Schedule

(b) Reports on Form 8-K

11. Statement re computation of per share earnings is set forth on Page six in Note 2 of the Notes to Condensed Consolidated Financial Statements.

All other items of this Report are inapplicable.

SIGNATURE

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 thereunto duly authorized.

Universal Health Services, Inc.
(Registrant)

Date: May 10, 1995

/s/ Kirk E. Gorman

Kirk E. Gorman, Senior Vice President and
Chief Financial Officer

(Principal Financial Officer and
Duly Authorized Officer).

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
10.1	Amendment to the Credit Agreement dated as of April 24, 1995 among Universal Health Services, Inc., Certain Participating Banks and Morgan Guaranty Trust Company of New York, as Agent.
27	Financial Data Schedule

EXHIBIT 10.1

[CONFORMED COPY]

AMENDMENT NO. 1 TO CREDIT AGREEMENT

AMENDMENT dated as of April 24, 1995 among UNIVERSAL HEALTH SERVICES, INC. (the "Borrower"), the BANKS listed on the signature pages hereof (the "Banks") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent (the "Agent").

W I T N E S S E T H :

WHEREAS, the parties hereto have heretofore entered into a Credit Agreement dated as of August 2, 1994 (the "Agreement"); and

WHEREAS, the parties hereto desire to amend the Agreement as set forth below;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions; References. Unless otherwise specifically defined herein, each term used herein which is defined in the Agreement shall have the meaning assigned to such term in the Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Agreement shall from and after the date hereof refer to the Agreement as amended hereby.

SECTION 2. Amendment of the Agreement.

(a) Section 1.01 is amended by the addition of the following defined terms in their appropriate alphabetical positions:

"Aiken Acquisition" means the acquisition by the Borrower, or an affiliate, of the assets and business of Aiken Regional Medical Center, a 225 licensed bed hospital in Aiken, South Carolina.

"Manatee Acquisition" means the acquisition by the Borrower, or an affiliate, of the assets and business of Manatee Memorial Hospital, a 512 licensed bed hospital in Bradenton, Florida.

(b) The definition of Consolidated Capital Expenditures is amended by the addition of the following proviso thereto:

provided that Consolidated Capital Expenditures shall be adjusted (i) to exclude any such additions (up to a maximum aggregate amount of $200,000,000) attributable to the Aiken Acquisition or the Manatee Acquisition and (ii) to include only the net increase resulting from an exchange of fixed assets for other fixed assets.

(c) The definition of Consolidated Debt is amended by the addition of the following proviso thereto:

provided that from December 1 of any year to but not including June 30 of the following year Consolidated Debt shall not include amounts borrowed to fund the Voluntary Employment Benefit Association not exceeding the aggregate amount of employee benefits prepaid by the Borrower and its Consolidated Subsidiaries through payments to the Voluntary Employment Benefit Association during such period.

(d) The definition of Interest Period is amended by the addition of the following further proviso thereto:

and provided further that if any Interest Period includes a date on which a payment of principal of the Loans is required to be made under Section 2.09 but does not end on such date, then (x) the principal amount (if any) of each Loan required to be repaid on such date shall have an Interest Period ending on such date and (y) the remainder (if any) of each such Loan shall have an Interest Period determined as set forth above.

(e) Section 2.09 is amended (i) by the deletion of subsections (d) and (e) thereto and (ii) by the addition of the following new subsections thereto:

(d) To the extent not theretofore reduced to the same or a lesser amount pursuant to Section 2.08 or 2.09(b), the Commitments shall be ratably reduced on December 31, 1995 to an aggregate amount of $125,000,000, unless the Agent shall have received from the Borrower not less than five Euro-Dollar Business

Days prior to such date a certificate of a duly authorized officer to the effect that the Manatee Acquisition has been consummated on or prior to the date of such certificate.

(e) Upon receiving any notice pursuant to subsection (c) of this Section, and upon receiving or failing to timely receive the certificate contemplated by subsection (d) of this Section, the Agent shall promptly notify each Bank thereof, of the contents of any such notice and of such Bank's ratable share of any related reduction of the Commitments.

(f) To the extent not theretofore reduced to the same or a lesser amount pursuant to Section 2.08, 2.09(b) or 2.09(d), the Commitments shall be ratably reduced on each date to the aggregate amount set forth below with respect to such date:

March 31, 1998	$210,000,000
March 31, 1999	$185,000,000

(g) Except as otherwise provided in Section 9.05, on each date when Commitments shall be reduced pursuant to this Section, the Borrower shall repay such amounts of outstanding Loans as may be necessary so that after such repayment the aggregate unpaid principal amount of each Bank's outstanding Loans does not exceed the amount of such Bank's Commitment as then reduced. Each such required repayment shall be made with respect to such outstanding Borrowing or Borrowings as the Borrower may specify in the related Notice of Borrowing or, failing such designation by the Borrower, as the Agent may specify by notice to the Borrower and the Banks.

(f) The definition of Termination Date is amended by changing the date specified therein to "March 31, 2000".

(g) Section 9.05 is amended (i) by changing the reference therein to "Section 2.09(e)" to be a reference to "Section 2.09(g)" and (ii) by changing the reference therein to "Section 2.09(b)" to be a reference to "Section 2.09(b) or (d)".

(h) The table in Section 5.07 is amended to read in its entirety as follows:

Period	Ratio
January 1, 1995 through December 31, 1995	0.70 to 1.00
January 1, 1996 through December 31, 1996	0.68 to 1.00
January 1, 1997 through December 31, 1997	0.66 to 1.00
January 1, 1998 through December 31, 1998	0.66 to 1.00
January 1, 1999 through December 31, 1999	0.60 to 1.00
January 1, 2000 and thereafter	0.60 to 1.00

(i) The table in Section 5.09 is amended to read in its entirety as follows:

Fiscal Year Ending	Ratio
December 31, 1995	4.50 to 1.0
December 31, 1996	4.00 to 1.0
December 31, 1997	3.75 to 1.0
December 31, 1998	3.75 to 1.0
December 31, 1999	3.50 to 1.0
December 31, 2000	3.25 to 1.0

(j) The text of Section 5.10 is amended to read in its entirety as follows:

The Fixed Charge Coverage Ratio will not, at the last day of any fiscal quarter ending during any fiscal year set forth below, be less than the ratio set forth below opposite such year:

Fiscal Year Ending	Ratio
December 31, 1995	1.75 to 1.0
December 31, 1996	1.80 to 1.0
December 31, 1997	1.85 to 1.0
December 31, 1998	1.85 to 1.0
December 31, 1999	1.90 to 1.0
December 31, 2000	2.00 to 1.0

(k) Section 5.11 is amended (i) by changing the figure "$90,000,000" in clause (i) and in clause (ii)(B)(y) to "$110,000,000" and (ii) by changing the figure "$90,000,000" in clause (ii)(A) to "$95,000,000".

(l) Section 5.13(b) is amended to add the name of "the Manatee Memorial Hospital" to the list of facilities that begins with "the McAllen Medical Center".

SECTION 3. Changes in Commitments. With effect from and including the date this Amendment becomes effective in accordance with Section 5 hereof, (i) the aggregate amount of the Commitments of the Banks shall be increased from $125,000,000 to $225,000,000, and (ii) the Commitment of each Bank shall be the amount set forth opposite the name of such Bank on the signature pages hereof. The signature pages of the Agreement will be deemed amended to give effect to the foregoing.

SECTION 4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 5. Counterparts; Effectiveness. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective on and as of the date hereof provided that the Agent shall have received:

(a) duly executed counterparts hereof signed by the Borrower and each of the Banks with the subscribed consent of each of the Subsidiary Guarantors (or, in the case of any party as to which an executed counterpart shall not have been received, the Agent shall have received telegraphic, telex, telecopy or other written confirmation from such party of execution of a counterpart hereof by such party);

(b) an opinion of counsel for the Borrower substantially in the form of Exhibit A hereto;

(c) all documents that the Agent may reasonably request relating to the corporate authority for and validity of this Amendment and any other matters relevant hereto, all in form and substance satisfactory to the Agent; and

(d) payment in Federal or other immediately available funds of a participation fee for the account of each Bank in an amount equal to 0.075% of the excess (if any) of such Bank's Commitment after giving effect to this Amendment over its Commitment before giving effect hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

Commitments	
	UNIVERSAL HEALTH SERVICES, INC. By: /s/ Kirk E. Gorman Title: Senior Vice President
$40,000,000	MORGAN GUARANTY TRUST COMPANY OF NEW YORK By: /s/ Penelope J.B. Cox Title: Vice President
$36,000,000	CHEMICAL BANK By: /s/ Peter C. Eckstein Title: Vice President
$36,000,000	BANK OF AMERICA ILLINOIS By: /s/ Ambrish D. Thanawala Title: Authorized officer
$36,000,000	NATIONSBANK OF NORTH CAROLINA, N.A. By: /s/ Michael B. Andry Title: Vice President

Commitments	
$30,000,000	PNC BANK, NATIONAL ASSOCIATION By: /s/ Philip G. DeBaun Title: Vice President
$22,000,000	FIRST FIDELITY BANK, N.A. By: /s/ Jeanette A. Griffin Title: Assistant Vice President
$15,000,000	THE FIRST NATIONAL BANK OF BOSTON By: /s/ Oscar C. Jazdowski Title: Managing Director
$10,000,000	CORESTATES BANK, N.A. By: /s/ Jennifer W. Leibowitz Title: Commercial Officer

Total Commitments

$225,000,000

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent

By: /s/ Penelope J.B. Cox

Title: Vice President

The undersigned Subsidiary Guarantors parties to the Guaranty Agreement (as defined in the Agreement referred to the foregoing Amendment) hereby consent to the foregoing Amendment.

ASC of Chicago, Inc.
ASC of Corona, Inc.
ASC of Las Vegas, Inc.
ASC of Littleton, Inc.
ASC of Midwest City, Inc.
ASC of New Albany, Inc.
ASC of Palm Springs, Inc.
ASC of Ponca City, Inc.
ASC of Springfield, Inc.
ASC of St. George, Inc.
Aiken Regional Medical Centers, Inc.
The Arbour, Inc.
Auburn General Hospital, Inc. (formerly UHS of Auburn, Inc.)
The BridgeWay, Inc.
Children's Hospital of McAllen, Inc.
Comprehensive Occupational and Clinical Health, Inc.
Dallas Family Hospital, Inc.
Del Aim Hospital, Inc.
Doctors' General Hospital, Ltd. d/b/a Universal Medical Center
Doctors' Hospital of Shreveport, Inc.
Forest View Psychiatric Hospital, Inc.
Glen Oaks Hospital, Inc.
Health Care Finance & Construction Corp.
HRI Clinics, Inc.
HRI Hospital, Inc.
Inland Valley Regional Medical Center, Inc.
La Amistad Residential Treatment Center, Inc.
McAllen Medical Center, Inc.
Meridell Achievement Center, Inc.
Merion Building Management, Inc.
The Pavilion Foundation
Relational Therapy Clinic, Inc.
River Crest Hospital, Inc.
River Oaks, Inc.
River Parishes Internal Medicine, Inc.
Southwest Dallas Hospital, Inc.
Sparks Family Hospital, Inc.
Tonopah Health Services, Inc.
Turning Point Care Center, Inc.
Two Rivers Psychiatric Hospital, Inc.
UHS Holding Company, Inc.
UHS/IPA, Inc.
UHS International, Inc.
UHS Las Vegas Properties, Inc.
UHS of Belmont, Inc.

UHS of Bethesda, Inc.
UHS of Columbia, Inc.
UHS of De La Ronde, Inc.
UHS of Delaware, Inc.
UHS of Florida, Inc.
UHS of Fuller, Inc.
UHS of Illinois, Inc.
UHS of London, Inc.
UHS of Manatee, Inc. (formerly Doctors' Hospital of Hollywood, Inc.)
UHS of New Orleans, Inc. d/b/a Chalmette Hospital and River Parishes Hospital
UHS of New York, Inc.
UHS of Odessa, Inc.
UHS of Plantation, Inc.
UHSR Corporation
UHS Receivables Corp.
UHS of River Parishes, Inc.
UHS of Riverton, Inc.
UHS of Springfield, Inc.
UHS of Vermont, Inc.
UHS of Waltham, Inc.
Universal HMO, Inc.
Universal Health Network, Inc.
Universal Health Pennsylvania Properties, Inc.
Universal Health Recovery Centers, Inc., d/b/a KeyStone Center
Universal Health Services of Cedar Hill, Inc.
Universal Health Services of Concord, Inc.
Universal Treatment Centers, Inc.
Valley Hospital Centers, Inc.
Valley Hospital Medical Center, Inc.
Victoria Regional Medical Center, Inc.
Wellington Regional Medical Center Incorporated
Westlake Medical Center, Inc.

By: /s/ Kirk E. Gorman

Title: Senior Vice President

EXHIBIT A

[Opinion of General Counsel of the Borrower]

April , 1995

To the Banks Referred to Below
c/o Morgan Guaranty Trust Company
of New York, as Agent
60 Wall Street
New York, New York 10260-0060

Re: Amendment No. 1 dated as of April 21, 1995 (the "Amendment") to the Credit Agreement dated as of August 2, 1994 (as amended by the Amendment, the "Credit Agreement") among Universal Health Services, Inc., the banks named therein (the "Banks") and Morgan Guaranty Trust Company of New York (the "Agent"), as agent for such banks

Ladies and Gentlemen:

I am General Counsel to Universal Health Services, Inc., a Delaware corporation (the "Borrower"), and its existing corporate Subsidiaries, and I am rendering this opinion in connection with the Credit Agreement, which provides for the extension of loans to the Borrower by the Banks in an aggregate principal amount not exceeding $225,000,000 at any one time outstanding. All terms defined in the Credit Agreement are used herein with their defined meanings unless the context otherwise requires.

In connection with this opinion I have examined such certificates of officers of the Borrower and its Subsidiaries and originals or copies certified to my satisfaction of such corporate documents and resolutions of the Borrower and its Subsidiaries and other corporate records as I have deemed relevant and necessary as the basis for my opinion hereinafter set forth. I have relied upon (i) such certificates of officers of the Borrower and its Subsidiaries with respect to the accuracy of factual matters contained therein with respect to the operations and properties of the Borrower and its Subsidiaries and (ii) certain certificates of public officials.

On the basis of the foregoing, I am of the opinion that:

1. Each of the Borrower and its existing corporate Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified as a foreign corporation and in good standing in each other jurisdiction in which the conduct of its business or the ownership of its property requires such qualification.

2. Each of the Borrower and its existing Subsidiaries has all corporate powers required to own its properties and conduct its business as now conducted. The Borrower has the corporate power and authority to execute and deliver the Amendment and to perform the Credit Agreement and the Notes and to borrow under the Credit Agreement. The Borrower has taken all necessary corporate action to authorize the borrowings under the Credit Agreement and to authorize the execution and delivery of the Amendment and the performance of the Credit Agreement and the Notes. The Amendment has been duly executed and delivered by the Borrower. Each of the Credit Agreement and the Notes constitutes a valid and binding agreement or obligation of the Borrower, as the case may be, enforceable against the Borrower in accordance with its terms. No consent of any other Person (including stockholders of the Borrower) and no license, approval or authorization of, exemption by, or registration or declaration with, any governmental body is required in connection with the execution or delivery of the Amendment or the performance, validity or enforceability of the Credit Agreement and the Notes.

3. The execution and delivery by the Borrower of the Amendment and the performance by the Borrower of the Credit Agreement and the Notes and by the Subsidiaries that are party thereto of the Guaranty Agreement will not violate any provision of any existing law or regulation or the Restated Certificate of Incorporation, as amended, or By-Laws of the Borrower or the charter or by-laws of any such Subsidiary or, to the best of my knowledge after due inquiry, of any judgment, order, decree or award of any court, arbitrator or governmental body, any mortgage, indenture, security agreement, contract, undertaking or other agreement to which the Borrower or any Subsidiary is a party or that is or may be binding upon any of them or any of their respective properties or assets and of which I have knowledge and will not result in the imposition or creation of any Lien on any thereof pursuant to the provisions of any such mortgage, indenture, security agreement, contract,

undertaking or other agreement to which the Borrower or any Subsidiary is a party or that is or may be binding upon any of them or any of their respective properties or assets and of which I have knowledge.

4. Each Subsidiary that is a party to the Guaranty Agreement has taken all necessary corporate action to authorize the execution and delivery of its consent to the Amendment, and each such consent has been duly executed and delivered by each such Subsidiary. After giving effect to the Amendment, the Guaranty Agreement remains a valid and binding agreement of each Subsidiary party thereto enforceable against each such Subsidiary in accordance with its terms.

5. After giving effect to the Amendment, no consent of any other Person and no license, approval or authorization of, exemption by, or registration or declaration with, any governmental body is required in connection with the execution, delivery, performance, validity or enforceability of the Guaranty Agreement.

6. To the best of my knowledge after due inquiry, except as described in the Borrower's Annual Report on Form 10-K for the year ended December 31, [1993,] which has previously been delivered to the Banks, there are no actions, suits or proceedings pending or threatened against or affecting the Borrower or any Subsidiary or any of their respective properties in any court or before any arbitrator of any kind or before or by any governmental body, except actions, suits or proceedings of the character normally incident to the kind of business conducted by the Borrower and its Subsidiaries that (a) would not materially impair the right or ability of the Borrower or any Subsidiary to carry on its business substantially as now conducted and (b) would not have a material adverse effect on the consolidated financial condition of the Borrower and its Subsidiaries, and there are no actions, suits or proceedings pending or threatened that relate to or which in any manner draw into question the validity of any of the transactions contemplated by the Credit Agreement or the Guaranty Agreement.

7. Neither the Borrower nor any of its Subsidiaries is an "investment company" or an "affiliated person" thereof, within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

The opinions set forth above are subject to the following qualifications:

(a) The enforceability of (i) the Borrower's obligations under the Credit Agreement and the Notes and (ii) each of the Subsidiaries obligations under the Guaranty Agreement are subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally;

(b) I express no opinion as to the availability of the equitable remedy of specific performance (other than with respect to obligations for the payment of money) or injunctive relief; and

(c) I am qualified to practice law in the Commonwealth of Pennsylvania and nothing herein shall constitute an opinion as to the laws of any jurisdiction other than the laws of the Commonwealth of Pennsylvania, the General Corporation Law of the State of Delaware and the federal law of the United States of America. Insofar as the conclusions set forth above involve matters governed by the laws of the State of New York, I have with your consent assumed such laws are the same as the laws of the Commonwealth of Pennsylvania.

(d) I express no opinion as to the applicability (and, if applicable, the effect) of Section 548 of the United States Bankruptcy Code or any comparable provision of state law to the questions addressed in paragraph 4 or the conclusions expressed with respect thereto.

Very truly yours,

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UNIVERSAL HEALTH SERVICES, INC.
1,000
U.S. DOLLARS

3-MOS
DEC-31-1995
JAN-01-1995
MAR-31-1995
1
1,832
0
130,097
39,586
15,827
132,068
608,070
272,650
539,232
116,475
75,038
138
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272,750
539,232
0
220,715
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162,490
20,082
17,185
1,614
19,344
7,503
11,841
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0
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11,841
$0.85
$0.85