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 September 30, 1994

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 October 31, 1994.

Class A	1,090,527
Class B	12,836,918
Class C	109,622
Class D	23,244

UNIVERSAL HEALTH SERVICES, INC.

I N D E X

PART I. FINANCIAL INFORMATION

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1994	1993	1994	1993
Net revenues	$191,512	$186,332	$578,143	$569,090
Operating charges:				
Operating expenses	73,856	74,120	223,773	228,241
Salaries and wages	71,143	69,435	211,225	208,696
Provision for doubtful accounts	16,011	14,962	42,082	41,597
Depreciation and amortization	10,871	9,885	31,107	28,212
Lease and rental expense	8,514	8,423	25,510	25,249
Interest expense	1,495	2,004	4,673	6,737
	181,890	178,829	538,370	538,732
Income before income taxes	9,622	7,503	39,773	30,358
Provision for income taxes	3,787	2,346	15,498	10,112
NET INCOME	$ 5,835	$ 5,157	$ 24,275	$ 20,246
Earnings per common and common equivalent share:	$ 0.41	$ 0.37	$ 1.70	$ 1.43
Weighted average number of common shares and equivalents:	14,314	14,794	14,490	14,848

See accompanying notes to condensed consolidated financial statements.

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

	SEPTEMBER 30, 1994 (UNAUDITED)	DECEMBER 31, 1993
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 985	$ 569
Accounts receivable, net	76,395	78,605
Supplies	14,076	12,617
Deferred income taxes	15,350	7,733
Other current assets	2,963	2,475
Total current assets	109,769	101,999
Property and equipment	580,639	533,941
Less: accumulated depreciation	(256,206)	(231,509)
	324,433	302,432
OTHER ASSETS:		
Excess of cost over fair value of net assets acquired	38,574	38,089
Deferred charges	1,573	1,697
Other	23,779	16,205
	63,926	55,991
	$ 498,128	$ 460,422
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 5,078	$ 4,313
Accounts payable and accrued liabilities	85,716	79,639
Federal and state taxes	110	2,547
Total current liabilities	90,904	86,499
Deferred income taxes	3,863	3,863
Other noncurrent liabilities	78,355	70,491
Long-term debt, net of current maturities	58,005	75,081
COMMON STOCKHOLDERS' EQUITY:		
Class A Common Stock, 1,090,527 shares outstanding in 1994, 1,139,123 in 1993	11	11
Class B Common Stock, 13,013,472 shares outstanding in 1994, 12,171,454 in 1993	130	122
Class C Common Stock, 109,622 shares outstanding in 1994, 114,482 in 1993	1	1
Class D Common Stock, 23,392 shares outstanding in 1994, 26,223 in 1993	0	0
Capital in excess of par, net of deferred compensation of $480,000 in 1994 and $291,000 in 1993	99,108	80,878
Retained earnings	167,751	143,476
	267,001	224,488
	$ 498,128	$ 460,422

See accompanying notes to consolidated financial statements.

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

	NINE MONTHS ENDED SEPTEMBER 30, (000'S UNAUDITED) 1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$24,275	$20,246
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation & amortization	31,107	28,212
Provision for self-insurance reserves	9,461	16,475
Reserve for loss on disposition of businesses	0	2,888
Changes in assets & liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable	3,014	15,794
Accrued interest	(1,487)	(646)
Accrued and deferred income taxes	(10,054)	(6,577)
Other working capital accounts	5,816	2,251
Other assets and deferred charges	(3,482)	(1,908)
Other	5,314	718
Payments made in settlement of self-insurance claims	(9,231)	(7,981)
NET CASH PROVIDED BY OPERATING ACTIVITIES	54,733	69,472
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment additions	(42,892)	(34,849)
Acquisition of property previously leased	0	(3,218)
Acquisition of businesses	(8,292)	(11,526)
Disposition of assets	750	5,250
NET CASH USED IN INVESTING ACTIVITIES	(50,434)	(44,343)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additional borrowings	10,614	0
Reduction of long-term debt	(13,247)	(27,141)
Issuance of common stock	971	162
Repurchase of common shares	(2,221)	(3,410)
NET CASH USED IN FINANCING ACTIVITIES	(3,883)	(30,389)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	416	(5,260)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	569	6,686
CASH AND CASH EQUIVALENTS, END OF PERIOD	$985	$1,426
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$6,160	$7,383
Income taxes paid, net of refunds	$25,552	$16,689

See accompanying notes to 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, 1993.

(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. In April of 1994, the Company called for the redemption of the $29.9 million, 7 1/2% convertible bonds, of which $10.6 million were redeemed at par for cash and $19.3 million were converted to 820,103 newly issued shares of the Company's Class B Common Stock. The bond redemption reduced the Company's fully diluted number of shares outstanding by 451,233. Prior to this redemption, the earnings per share were historically adjusted to reflect the assumed conversion of all the Company's convertible debentures. Accordingly, the earnings per share for the first three months of the nine month period ended September 30, 1994 and the three and nine months ended September 30, 1993 have been adjusted to reflect the assumed conversion of the Company's convertible debentures.

(3) 1994 AND 1993 UNUSUAL ITEMS

Included in net revenues for the three month period ended September 30, 1994 is $3.1 million of additional revenues received from the Medicaid reimbursement program described below. Included in net revenues for the three month period ended September 30, 1993 is $1.0 million of additional revenues received from the Medicaid reimbursement program, offset by approximately $3.0 million of unfavorable adjustments related to prior year reimbursement issues.

Included in net revenues for the nine month period ended September 30, 1994 is $9.1 million of additional revenues received from the Medicaid reimbursement program. Included in operating expenses for the nine months ended September 30, 1994 is a $2.8 million write-down recorded against the book value of the real property of a psychiatric hospital owned by the Company and leased to an unaffiliated third party which is currently in default under the terms of the lease, $2.5 million of expenses related to the disposition of businesses and a $1.1 million favorable adjustment made to reduce the Company's workers compensation reserves.

Included in net revenues for the nine months ended September 30, 1993 is $10.2 million of additional revenues received from the Medicaid reimbursement program, which is partially offset by the $3.0 million unfavorable adjustment related to prior year reimbursement issues. Included in operating expenses for the nine months ended September 30, 1993 is approximately $4.0 million of expense related to the disposition of ancillary businesses and an additional $3.2 million of expense related to the Company's self-insurance programs.

The Medicaid reimbursement program revenues discussed above were 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 disproportionately 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) COMMITMENTS AND CONTINGENCIES

Under certain agreements, the Company has committed or guaranteed an aggregate of $23,000,000 related principally to the Company's self-insurance programs and as support for various debt instruments and loan guarantees.

(6) ACQUISITIONS

During the second quarter of 1994, the Company purchased a majority interest in a partnership which owns and operates an ambulatory surgery center in California. The Company also merged the operations of an additional ambulatory surgery center into its majority owned partnership which owns and operates an existing ambulatory surgery center located in California.

(7) SUBSEQUENT EVENTS

Subsequent to September 30, 1994, the Company acquired a 112 bed acute care hospital for net cash of approximately $11.6 million and agreed to invest up to an additional $30 million to renovate the existing facility and construct an additional facility in Edinburg, Texas.

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

RESULTS OF OPERATIONS

Net revenues for the three and nine months ended September 30, 1994 increased 4% and 7%, respectively, over the comparable 1993 periods at hospitals owned during both years (therefore excluding the net revenues generated from two acute care hospitals which were disposed of during 1993) excluding the effects of the unusual revenue items reflected in each period, as discussed below. Unusual revenue items included in net revenues for the three and nine months ended September 30, 1994 consist of $3.1 million and $9.1 million, respectively, of revenues received from the Medicaid reimbursement program discussed in Note 3 to the Financial Statements. This program is scheduled to terminate in August, 1995 and the Company cannot predict whether this program will continue beyond the scheduled termination date. Included in net revenues for the three and nine months ended September 30, 1993 is $1.0 million and $10.2 million, respectively, of revenues received from the Medicaid reimbursement program, partially offset by a $3.0 million unfavorable adjustment related to prior year reimbursement issues which was recorded during the third quarter of 1993. Despite the continued shift in the delivery of healthcare services to outpatient care, the Company's acute care hospitals owned during both periods experienced a 6% and 9% increase in net revenues resulting from an 8% and 9% increase in admissions for the three and nine months ended September 30, 1994 as compared to the comparable prior year periods, due to additional capacity and expansion of service lines at two of the Company's larger facilities. The increase in net revenues was less than the increase in admissions due to a reduction in the average length of stay at the Company's acute care facilities to 5.1 days and 5.3 days for the three and nine months ended September 30, 1994 as compared to 5.2 days and 5.4 days in the comparable prior year periods, respectively. Gross outpatient revenues at the Company's acute care hospitals owned during both periods increased 18% for the three months ended September 30, 1994 and 16% for the nine month period ended September 30, 1994 over the comparable prior year periods and comprises 25% and 24% of gross patient revenues for the three months ended September 30, 1994 and 1993 and 24% for the nine months ended September 30, 1994 and 1993. Advances in medical technologies permit more services to be provided on an outpatient basis, and there is increased pressure from Medicare, Medicaid, health maintenance organizations (HMOs), preferred provider organizations (PPOs) and insurers to reduce hospital stays and provide services, when possible, on a less expensive outpatient basis.

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 eighteen ambulatory treatment centers, which have contributed to the increase in the Company's outpatient revenue. The Company expects the growth in outpatient services to continue, although the rate of growth may be moderated in the future.

Although admissions at the Company's psychiatric facilities increased 15% and 13% for the three and nine months ended September 30, 1994 over the comparable 1993 periods, net revenues at these facilities decreased approximately 3% and 5% for the three and nine months ended September 30, 1994 as compared to the comparable 1993 periods, respectively. The decreases in the net revenues despite the increases in admissions were due to a reduction in the average length of stay at the Company's psychiatric hospitals to 13.2 days and 13.8 days for the three and nine months ended September 30, 1994 as compared to 15.1 days and 16.1 days in the comparable prior year periods, respectively, due to increased emphasis in outpatient treatment programs. The shift to outpatient care was reflected in higher revenues from outpatient services, as gross outpatient revenues at the Company's psychiatric hospitals increased 15% for the three months ended September 30, 1994 and 16% for the nine month period ended September 30, 1994 over the comparable prior year periods and now comprise 15% and 14% of gross psychiatric patient revenues for the three and nine months ended September 30, 1994, respectively, as compared to 14% and 13% in the comparable 1993 periods, respectively. The trend in outpatient treatment for psychiatric patients is expected to continue as a result of changing practices in delivery and continued cost containment pressures from payors.

An increased proportion of the Company's revenue is derived from fixed payment services, including Medicare and Medicaid which accounted for 42% and 50% of the Company's net patient revenues for the three months ended September 30, 1994 and 1993, respectively and 43% and 43% of the Company's net patient revenues for the nine months ended September 30, 1994 and 1993, respectively, excluding the unusual revenues received from the Medicaid reimbursement program described above. The Company expects Medicare and Medicaid revenues to continue to increase due to the general aging of the population and expansion of state Medicaid programs. In addition to the Medicare and Medicaid programs, other payors 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 continue 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.

Excluding the effects of the unusual revenue items described above and the unusual expense items included in the nine month period ended September 30, 1994 and 1993, operating expenses, including salaries and wages and provision for doubtful accounts, as a percentage of net revenues increased to 85% for the three months ended September 30, 1994 as compared to 84% in the prior year quarter. For the nine month period ended September 30, 1994, operating expenses as a percentage of net revenues were 83% as compared to 84% in the comparable prior year period. Included in operating expenses for the nine months ended September 30, 1994 is a $2.8 million write-down recorded against the book value of the real property of a psychiatric hospital owned by the Company and leased to an unaffiliated third party which is currently in default under the terms of the lease, $2.5 million of expenses related to the disposition of businesses and a $1.1 million favorable adjustment made to reduce the Company's workers compensation reserves. Included in operating expenses for the nine months ended September 30, 1993 is a $3.2 million increase in the reserves for the Company's professional and general liability self-insurance reserves and $4.0 million of expenses related to the disposition of ancillary businesses. Although the rate of inflation has not had a significant impact on the results of operations, pressure on operating margins is expected to continue because, while Medicare fixed payment rates are indexed for inflation annually, the increases have historically lagged behind actual inflation.

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 payor 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 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 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.

Interest expense decreased 25% and 31% for the three and nine months ended September 30, 1994 as compared to the comparable 1993 periods due to lower average outstanding borrowings.

Depreciation and amortization expense increased 10% for both the three and nine months ended September 30, 1994 as compared to the comparable 1993 periods due primarily to increased depreciation and amortization expense related to the Company's acquisitions of ambulatory treatment centers.

The effective tax rate was 39.4% and 31.3% for the three months ended September 30, 1994 and 1993, respectively, and 39.0% and 33.3% for the nine months ended September 30, 1994 and 1993, respectively. The increase in the effective rate during the 1994 periods as compared to the 1993 periods was due primarily to the 1993 periods including a reduction in the state tax provision.

LIQUIDITY AND CAPITAL RESOURCES

During the first nine months of 1994, net cash provided by operating activities was $54.7 million as compared to $69.5 million in the comparable 1993 period. The decrease during the 1994 period as compared to the 1993 period was primarily due to an $8.9 million increase in income tax payments and a $12.8 unfavorable change in the Company's outstanding accounts receivable for the nine months of 1994 and 1993, relative to the 1993 and 1992 year end balances. This unfavorable change is due to a temporary decline in the collection of accounts receivable resulting from information systems conversions at the Company's hospitals.

During the first nine months of 1994, the Company used $42.9 million of its operating cash flow to finance capital expenditures, $8.3 million to acquire majority interest in partnerships which own and operate ambulatory treatment centers, $2.6 million to reduce outstanding debt and $2.2 million to repurchase shares of its outstanding common stock. Subsequent to September 30, 1994, the Company acquired a 112 bed acute care hospital for net cash of approximately $11.6 million and agreed to invest up to an additional $30 million to renovate the exiting facility and construct an additional facility in Edinburg, Texas.

During the third quarter of 1994, the Company replaced its existing $72.4 million revolving credit agreement with a new $125 million revolving credit agreement. The new agreement, which expires in August of 1999, provides for interest, at the Company's option, at the prime rate, the certificate of deposit rate plus 5/8% to 1 1/8% or the Euro-dollar rate plus 1/2% to 1%. A commitment fee ranging from 1/8% to 3/8% is required on the unused portion of this commitment. The margins over the certificate of deposit, the Euro-dollar rates and the commitment fee are based upon certain leverage and coverage ratios. At September 30, 1994 the applicable margins over the certificate of deposit and the Euro-dollar rate were 7/8% and 3/4%, respectively, and the commitment fee was 1/4%. Subsequent to the third quarter of 1994, borrowing capacity under the Company's commercial paper program was increased from $25 million to $50 million. At September 30, 1994, the Company had approximately $35 million of unused borrowing capacity under the increased borrowing limit of its commercial paper program and $121 million of unused borrowing capacity under the terms of its new $125 million 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 of the Pooling Agreement dated as of September 30, 1994, among UHS Receivables Corp., Sheffield Receivables Corporation and Bank of America Illinois (as successor to Continental Bank N.A.) as Trustee.

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: November 8, 1994

/s/ Steve Filton

Steve Filton, Vice President and Controller

(Chief Accounting Officer and
Duly Authorized Officer).

EXHIBIT 10.1
UHS
[Execution Copy]

AMENDMENT NO. 1
DATED AS OF SEPTEMBER 30, 1994
TO
POOLING AGREEMENT
DATED AS OF NOVEMBER 16, 1993
AND
DEFINITIONS LIST
DATED AS OF NOVEMBER 16, 1993

THIS AMENDMENT NO. 1 (the "Amendment") is executed as of September 30, 1994, among UHS RECEIVABLES CORP. ("Finco"), SHEFFIELD RECEIVABLES CORPORATION ("Sheffield") and BANK OF AMERICA ILLINOIS (as successor to Continental Bank N.A.), as Trustee (the "Trustee").

WITNESSETH:

WHEREAS, Finco, Sheffield and the Trustee entered into that certain Pooling Agreement dated as of November 16, 1993 (the "Pooling Agreement");

WHEREAS, the Pooling Agreement incorporates by reference that certain Definitions List dated as of November 16, 1993 (the "Definitions List"; the terms defined in the Definitions List, as amended hereby, being used herein as therein defined unless otherwise defined herein), prepared in connection with the Pooling Agreement and certain related agreements and instruments; and

WHEREAS, the parties hereto have agreed to amend the Pooling Agreement and the Definitions List;

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Borrower and Barclays hereby agree as follows:

Section 1. Amendment of the Pooling Agreement. The Pooling Agreement is hereby amended as follows:

(a) Section 2.6 of the Pooling Agreement is amended by deleting subsections (a) and (d) thereof in their entirety and substituting in their respective places the following:

> (a) During the Sheffield Revolving Period, and subject to the terms and conditions of this Agreement, the Sheffield Capital may be increased (an "Increase") on any Business day upon request of Finco; provided that Finco gives irrevocable written notice to Sheffield prior to 3:00 pm (New York City time) on the Business Day prior to the date of such Increase, unless the Sheffield Yield Rate with respect to such Increase Amount shall be calculated by reference to the Adjusted Eurodollar Rate, in which case such notice shall be

delivered no later than 3:00 pm three Business Days prior to the date of such Increase. Such notice shall state (i) the Business Day on which such Increase is proposed to occur, (ii) the Increase Amount, which shall not be less than $1,000,000, (iii) the Fixed Period applicable to such Increase Amount and (iv) the Sheffield Yield Rate applicable to such Increase Amount. Promptly upon receipt of such notice, Sheffield shall determine whether or not to approve the Fixed Period and Sheffield Yield Rate requested in respect of such Increase Amount and shall promptly notify Finco of such determination, proposing an alternative Fixed Period and/or Sheffield Yield Rate if the requested Fixed Period and/or Sheffield Yield Rate has not been approved. If Sheffield approves the requested Fixed Period and Sheffield Yield Rate or the parties otherwise agree on an alternative Fixed Period and/or Sheffield Yield Rate, then on the Business Day on which such Increase is scheduled to occur, Sheffield shall make available to Finco at its office specified in Section 14.1, in immediately available funds, the applicable Increase Amount. Sheffield shall in no event acquire any Increase if, after giving effect thereto, the Sheffield Capital would exceed the Maximum Sheffield Capital.

(d) Fixed Periods shall be selected from time to time to apply to each Sheffield Tranche in accordance with Section 2.10.

(b) Section 2.7 of the Pooling Agreement is amended by deleting the second, third, fourth and fifth sentences of subsection (b) thereof.

(c) Section 2.13 of the Pooling Agreement is amended by deleting subsection (a) thereof in its entirety and substituting in its place the following:

(a) Unless (i) the Sheffield Termination Date shall have occurred, (ii) an Early Amortization Event shall have occurred and be continuing or (iii) either Finco or the Servicer shall be in default in the performance of any covenant or agreement contained herein or in any Operative Document, then at least 100 but not more than 120 days prior to the Scheduled Sheffield Termination Date, Finco may by written notice to Sheffield and the Trustee request that the Scheduled Sheffield Termination Date be extended to the last Business Day occurring not more than 364 days after the Scheduled Sheffield Termination Date then in effect. On or before the 90th day preceding such Scheduled Sheffield Termination Date then in effect, Sheffield shall indicate by written notice to Finco and the Trustee (an "Indicative Notice") whether as of the date of such Indicative Notice Sheffield would be prepared to approve such extension if such extension were to occur as of the date of such Indicative Notice. Any Indicative Notice given by Sheffield pursuant to this Section 2.13(a) shall be given in good faith, but no such Indicative Notice shall be deemed to constitute a binding consent to Finco's extension request nor an enforceable commitment on the part of Sheffield. Failure by Sheffield to give an Indicative Notice shall be deemed to be a denial of Finco's request by Sheffield. Not earlier than 30 days preceding such Scheduled Sheffield Termination Date then in effect, Sheffield will determine, in its sole and absolute discretion, whether to consent to Finco's request for extension of the Scheduled Sheffield Termination Date. If Sheffield determines to consent to Finco's request, it will so advise Finco and the Trustee by written notice (a "Consent Notice"), such Consent Notice to be given on the 30th day preceding the Scheduled Sheffield Termination Date then in effect. Failure by Sheffield to deliver a Consent Notice as aforesaid shall be deemed to be a denial of Finco's request. If Sheffield shall have delivered a Consent Notice as aforesaid, then the requested extension shall become effective as of such Scheduled Sheffield Termination Date then in effect provided that as of such Scheduled Sheffield Termination Date then in effect, (i) the Termination Date shall not have otherwise occurred, (ii) no Early Amortization Event shall have occurred and be continuing and (iii) neither Finco nor the Servicer shall be in default in the performance of any covenant or agreement contained herein or in any Operative Document.

Section 2. Amendment of the Definitions List. The Definitions List is hereby amended as follows:

(a) The following new definitions are added to the Definitions List in proper alphabetical position:

Consent Notice: As defined in Section 2.13(a) of the Pooling Agreement.

Indicative Notice: As defined in Section 2.13(a) of the Pooling Agreement.

(b) The definitions of Maximum Sheffield Capital and Scheduled Sheffield Termination Date are deleted in their entirety and the following definitions are substituted in their respective places:

Maximum Sheffield Capital: $50,000,000, as such amount may be increased from time to time in accordance with Section 2.13 of the Pooling Agreement.

Scheduled Sheffield Termination Date: October 31, 1995, as such date may be extended in accordance with Section 2.13 of the Pooling Agreement.

Section 3. Conditions to Effectiveness. This Amendment shall become effective on the earliest date on which the following conditions precedent shall have been satisfied:

(a) This Amendment shall have been duly executed and delivered by each of the parties hereto and duly acknowledged and agreed to by the Persons named on the signature pages hereof;

(b) Each Rating Agency shall have delivered written confirmation to Finco and the Trustee that the execution and delivery of this Amendment will not adversely affect its rating of the TRIPs and/or the Commercial Paper, as the case may be; and

(c) Finco shall have delivered a certificate of an Authorized Officer dated the date of the effectiveness of this Amendment to the effect that, after giving effect to this Amendment, (i) no Early Amortization Event shall have occurred and (ii) neither Finco nor the Servicer shall be in default in the performance of any covenant or agreement contained herein or in any Operative Document.

Section 4. Reference to and Effect on the Pooling Agreement, the Definitions List and the Related Documents. Upon the effectiveness of this Amendment, each reference in the Pooling Agreement or the Definitions List to "this Agreement", "the Definitions List", "the Pooling Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be, and any references to the Pooling Agreement or the Definitions List in any other document, instrument or agreement executed and/or delivered in connection with the Pooling Agreement or the Definitions List shall mean and be, a reference to the Pooling Agreement or the Definitions List, as the case may be, as amended hereby.

Section 5. Effect. Except as otherwise amended by this Amendment, each of the Pooling Agreement and the Definitions List shall continue in full force and effect and is hereby ratified and confirmed.

Section 6. Governing Law. This Amendment will be governed by and construed in accordance with the laws of State of New York.

Section 7. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any provision hereof. and the unenforceability of one or more provisions of this Amendment in one jurisdiction shall not have the effect of rendering such provision or provisions unenforceable in any other jurisdiction.

Section 8. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

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

UHS RECEIVABLES CORP.

By: /s/ KIRK E. GORMAN

Title:

SHEFFIELD RECEIVABLES CORPORATION

By: Barclays Bank PLC, New York Branch as Attorney-in-Fact

By: /s/ BARRY W. WOOD

Title: Director

BANK OF AMERICA ILLINOIS
(as successor to Continental Bank, N.A.)

By: /s/ NANCIE ARVIN

Title: Trust Officer

Acknowledged and agreed to as
of this 30th day of September, 1994

CHALMETTE GENERAL HOSPITAL, INC.

DALLAS FAMILY HOSPITAL, INC.

DEL AMO HOSPITAL, INC.

HRI HOSPITAL, INC.

LA AMISTAD RESIDENTIAL TREATMENT
CENTER, INC.

MCALLEN MEDICAL CENTER, INC.

MERIDELL ACHIEVEMENT CENTER,INC.

RIVER OAKS, INC.

TURNING POINT CARE CENTER, INC.

UHS OF ARKANSAS, INC.

UHS OF AUBURN, INC.

UHS OF BELMONT, INC.

UHS OF MASSACHUSETTS, INC.

UHS OF RIVER PARISHES, INC.

UHS OF SHREVEPORT, INC.

UNIVERSAL HEALTH SERVICES OF INLAND VALLEY, INC.

UNIVERSAL HEALTH SERVICES OF NEVADA, INC.

VICTORIA REGIONAL MEDICAL CENTER, INC.

WELLINGTON REGIONAL MEDICAL CENTER INCORPORATED

By: /s/ KIRK E. GORMAN

Kirk E. Gorman
Treasurer

SPARKS RENO PARTNERSHIP L.P.
By Sparks Family Hospital, Inc.,
General Partner

By: /s/ KIRK E. GORMAN

Kirk E. Gorman
Treasurer

UHS OF DELAWARE, INC.,
as Servicer

By: /s/ KIRK E. GORMAN

Kirk E. Gorman
Treasurer

UNIVERSAL HEALTH SERVICES, INC.

By: /s/ KIRK E. GORMAN

Treasurer

BARCLAYS BANK PLC, NEW YORK BRANCH.
as Managing Agent and Administrative
Agent for Sheffield Receivables
Corporation

By: /s/ BARRY W. WOOD

Barry Wood
Associate Director

5
1,000
U.S. DOLLARS

9-MOS
JAN-01-1994
DEC-31-1994
SEP-30-1994
1
985
0
113,600
37,205
14,076
109,769
580,639
256,206
498,128
85,826
63,083
142
0
0
266,859
498,128
0
578,143
0
434,998
56,617
42,082
4,673
39,773
15,498
24,275
0
0
0
24,275
$1.70
$1.70