



Stock Selection Guide[®]

The most widely used aid to good investment judgment

Company HEALTH MANAGEMENT ASSOC. Date 09/24/04

Prepared by MG Data taken from NAIC Data

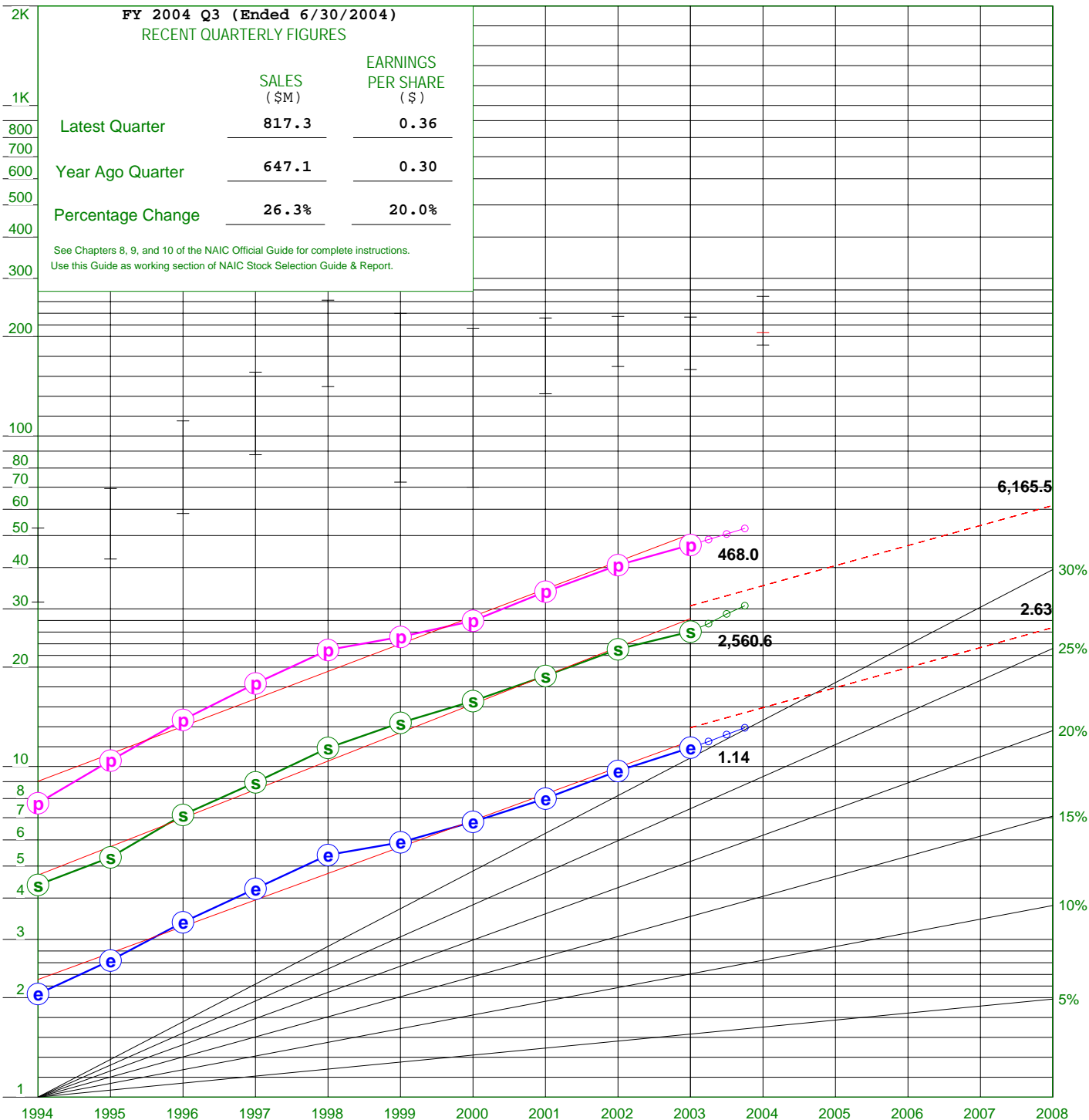
Where traded NYSE Major product/service Health Care

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	243.4	25.0	89.6
Debt (\$M)	1,032.9	% to Tot.Cap.	38.4 % Potential Dil. None

1 VISUAL ANALYSIS of Sales, Earnings and Price

HMA



(1) Historical Sales Growth 21.9% (3) Historical Earnings Per Share Growth 20.3%
 (2) Estimated Future Sales Growth 15.0% (4) Estimated Future Earnings Per Share Growth 15.0%

2 EVALUATING MANAGEMENT

Company **HEALTH MANAGEMENT ASSOC.**

(HMA)

09/24/04

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	17.7	19.6	19.4	19.9	19.8	18.2	17.5	18.0	18.0	18.3	18.0	EVEN	
B % Earned on Equity (E/S ÷ Book Value)	18.9	19.0	19.2	18.6	17.9	16.3	16.0	15.7	17.2	16.7	16.4	EVEN	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		20.530	HIGH THIS YEAR		26.450	LOW THIS YEAR		18.850		
Year	A	PRICE		B	C	D		E	F	G	H	
		HIGH	LOW			Earnings Per Share	Earnings Ratio					Dividend Per Share
						HIGH A ÷ C	LOW B ÷ C			F ÷ C X 100	F ÷ B X 100	
1	1999	23.5	7.3	0.59	39.8	12.3		0.000	0.0	0.0		
2	2000	21.2	7.0	0.68	31.2	10.3		0.000	0.0	0.0		
3	2001	22.8	13.4	0.80	28.4	16.8		0.000	0.0	0.0		
4	2002	23.0	16.2	0.97	23.7	16.7		0.000	0.0	0.0		
5	2003	22.9	15.9	1.14	20.1	13.9		0.080	7.0	0.5		
6	TOTAL				72.2	57.7			7.0			
7	AVERAGE				24.1	14.4			7.0			
8	AVERAGE PRICE EARNINGS RATIO				19.3	9		CURRENT PRICE EARNINGS RATIO				15.7

Proj. P/E [13.63] Based on Next 4 qtr. EPS [1.51]

Current P/E Based on Last 4 qtr. EPS [1.31]

4 EVALUATING RISK AND REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~24.1~~ 20.1 X Estimate High Earnings/Share 2.63 = Forecast High Price \$ 52.9 (3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~14.4~~ 13.9 X Estimated Low Earnings/Share ~~1.14~~ 1.31 = \$ 18.2 (3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = 12.0 (3B7)

(c) Recent Severe Market Low Price = 15.9

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.080}{0.005} = 15.9$

Selected Estimate Low Price = \$ 15.9 (4B1)

C ZONING

52.9 (4A1) High Forecast Price Minus 15.9 (4B1) Low Forecast Price Equals 37.0 (C) Range. 1/3 of Range = 9.3 (4CD)

(4C2) Lower 1/3 = (4B1) 15.9 to 25.2 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 25.2 to 43.6 (Maybe)

(4C4) Upper 1/3 = 43.6 to 52.9 (4A1) (Sell)

Present Market Price of 20.530 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 52.9 Minus Present Price 20.530 = 32.4 = 7.0 To 1
Present Price 20.530 Minus Low Price (4B1) 15.9 = 4.6 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 52.9 = (2.577) X 100 = (257.7) - 100 = 157.7 % Appreciation (4E)
Present Market Price 20.530

Relative Value: 81.3% Proj. Relative Value: 70.6%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 0.080
Present Price of Stock \$ 20.530 = 0.004 X 100 = 0.4 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 1.99 X Avg. % Payout (3G7) 7.0 = 13.9 = 0.7 % (5B)
Present Price \$ 20.530

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential (4E)	5	P.A.R.	Tot. Ret.
Average Yield (5B)	157.7	31.5 %	0.4%	0.3%
Average Total Annual Return Over the Next 5 Years (5C)		0.7 %	16.8%	20.8%
		32.2 %	% Compd Ann Rate of Ret	17.3%
				21.2%



PERT Worksheet-A

Company HEALTH MANAGEMENT ASSOC. (HMA)

QUARTERLY DATA									LAST 12 MONTHS DATA								
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS \$	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE		
	\$	% CHANGE	\$ MIL	% SALES	% CHANGE	\$ MIL	% CHANGE			\$ MIL	% SALES		\$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
12/95								39.2						39.2			
03/96								39.2						39.2			
06/96								39.2						39.2			
09/96						193.20		39.2						39.2			
12/96						199.20		39.3						39.2			
03/97						237.80		39.3						39.2			
06/97	0.12		51.03	21.9		232.69		39.3			862.9			39.3			
09/97	0.10		41.98	18.6		225.80	16.9	39.3			895.5			39.3			
12/97	0.10		40.89	17.4		234.60	17.8	39.3			930.9			39.3			
03/98	0.16		66.66	22.0		302.90	27.4	39.2	0.48	200.56	20.1	996.0	78.7	39.3			
06/98	0.15	21.0	63.63	21.1	24.7	302.20	29.9	39.2	0.51	213.16	20.0	1,065.5	83.7	39.2			23.5
09/98	0.13	27.5	54.10	18.1	28.9	299.16	32.5	37.9	0.54	225.28	19.8	1,138.9	87.7	38.9			27.2
12/98	0.12	21.2	50.95	16.7	24.6	305.50	30.2	39.2	0.56	235.35	19.5	1,209.8	91.5	38.9			30.0
03/99	0.19	19.5	78.53	23.1	17.8	339.75	12.2	37.9	0.59	247.22	19.8	1,246.6	95.4	38.6	21.9	23.3	25.2
06/99	0.15	0.0	63.80	18.1	0.3	352.47	16.6	39.7	0.59	247.39	19.1	1,296.9	95.7	38.7	15.7	16.1	21.7
09/99	0.13	0.0	53.37	14.9	-1.4	357.99	19.7	39.0	0.59	246.65	18.2	1,355.7	96.1	38.9	9.7	9.5	19.0
12/99	0.14	16.7	56.45	15.3	10.8	370.09	21.1	39.2	0.61	252.15	17.8	1,420.3	98.2	39.0	9.1	7.1	17.4
03/00	0.21	10.5	83.10	20.3	5.8	408.66	20.3	38.1	0.63	256.72	17.2	1,489.2	100.1	39.0	6.8	3.8	19.5
06/00	0.18	20.0	72.14	18.4	13.1	391.10	11.0	38.6	0.66	265.06	17.3	1,527.8	102.7	38.7	11.9	7.1	17.8
09/00	0.16	23.1	64.30	15.8	20.5	407.92	13.9	36.6	0.69	276.00	17.5	1,577.8	105.3	38.1	16.9	11.9	16.4
12/00	0.16	14.3	66.12	15.2	17.1	434.24	17.3	36.0	0.71	285.67	17.4	1,641.9	106.7	37.3	16.4	13.3	15.6
03/01	0.23	9.5	97.27	20.2	17.0	481.14	17.7	37.8	0.73	299.83	17.5	1,714.4	111.7	37.3	15.9	16.8	15.1
06/01	0.21	16.7	89.16	18.8	23.6	473.20	21.0	37.7	0.76	316.85	17.6	1,796.5	117.4	37.0	15.2	19.5	17.6
09/01	0.20	25.0	85.41	17.4	32.8	491.22	20.4	37.8	0.80	337.95	18.0	1,879.8	126.2	37.3	15.9	22.4	19.1
12/01	0.20	25.0	83.07	16.8	25.6	495.82	14.2	36.6	0.84	354.90	18.3	1,941.4	133.0	37.5	18.3	24.2	18.2
03/02	0.27	17.4	113.97	19.7	17.2	579.95	20.5	38.2	0.88	371.60	18.2	2,040.2	139.7	37.6	20.5	23.9	19.0
06/02	0.26	23.8	110.02	18.6	23.4	592.48	25.2	38.4	0.93	392.47	18.2	2,159.5	148.2	37.8	22.4	23.9	20.2
09/02	0.24	20.0	99.61	16.8	16.6	594.36	21.0	37.9	0.97	406.67	18.0	2,262.6	153.6	37.8	21.3	20.3	20.4
12/02	0.24	20.0	98.71	16.2	18.8	609.42	22.9	37.4	1.01	422.31	17.8	2,376.2	160.4	38.0	20.2	19.0	22.4
03/03	0.31	14.8	129.05	20.0	13.2	646.47	11.5	38.3	1.05	437.39	17.9	2,442.7	166.2	38.0	19.3	17.7	19.7
06/03	0.30	15.4	125.60	19.4	14.2	647.13	9.2	38.5	1.09	452.97	18.1	2,497.4	172.3	38.0	17.2	15.4	15.6
09/03	0.29	20.8	114.65	17.4	15.1	657.56	10.6	36.3	1.14	468.01	18.3	2,560.6	176.1	37.6	17.5	15.1	13.2
12/03	0.29	20.8	116.69	15.4	18.2	756.55	24.1	38.8	1.19	485.99	17.9	2,707.7	184.6	38.0	17.8	15.1	14.0
03/04	0.37	19.4	148.26	17.8	14.9	833.91	29.0	38.3	1.25	505.20	17.4	2,895.1	191.9	38.0	19.0	15.5	18.5
06/04	0.36	20.0	145.75	17.8	16.0	817.34	26.3	39.0	1.31	525.35	17.1	3,065.4	200.2	38.1	20.2	16.0	22.7
09/04								39.3						38.9			

A B C D E F G H I J K L M N O P Q R S T

PERT Worksheet-A Graph

Company HEALTH MANAGEMENT ASSOC.

(HMA)

