

CORPORATE PROFILE: DEVELOPMENT

SYMBION'S MEASURED APPROACH MAKES FOR STEADY GROWTH

Discipline. It's a key ingredient in Symbion's recipe for growth. While expanding its network of multi-specialty and specialty surgery centers has always been a part of the company's long-term plan, not every opportunity that presents itself makes the cut. "We aren't interested in growing just for the sake of growth," says Billy Webb, Symbion's chief development officer. "In order to be successful over the long run, we have to be selective about the opportunities we pursue and evaluate each one from a number of different angles."

While each situation is different, Webb says the company looks primarily at five or six variables in determining if the opportunity is a fit. These variables include payor mix, location, case mix, and other factors such as the regulatory requirements in each state.

With Webb at the helm, Symbion's development team is charged with finding – and carefully investigating – new opportunities for the company. This may mean building a new center, acquiring an existing center or joint venturing with a healthcare delivery system to operate a center.

"There's no single formula that works for us every time," says Webb. "We have to be creative and find the approach that will best serve our company in that particular set of circumstances."

For example, Symbion has joint ventured with large not-for-profit

hospitals such as Vanderbilt University Medical Center in Nashville, Baptist Hospital in Memphis and the Harris Methodist Health System in Fort Worth, Texas. Partnering with a large, established player in a market allows the hospital to take advantage of Symbion's expertise in managing ambulatory surgery centers while ensuring the center has an adequate supply of patients and a network of physicians in place.

In other situations, Symbion will purchase an existing center or work with physicians to build one. In general, Webb says the company focuses on mid-sized markets and pays close attention to states in which it already operates in order to maximize relationships with payors and take advantage of other synergies.

Despite the company's measured approach to growth, Webb expects

Symbion to double the number of centers it operates within the next few years.

"Symbion approaches growth wisely and methodically," says Webb, who has worked in development for a number of healthcare companies throughout his career. "A key to building a successful company is to make sure each newly acquired or developed center has what it needs to be successful. We are focused on growing, but we won't sacrifice quality for the sake of growth."

"WE ARE FOCUSED ON GROWING, BUT WE WON'T SACRIFICE QUALITY FOR THE SAKE OF GROWTH."

— Billy Webb, chief development officer

SYMBION LOCATIONS

Baptist Germantown Surgery Center
Germantown, TN

Bellingham Surgery Center
Bellingham, WA

CMMP Surgical Center
Jefferson City, MO

Central Park Surgery Center
Austin, TX

Clear Fork Surgery Center
Ft. Worth, TX

Cool Springs Surgery Center
Franklin, TN

DeLand Surgery Center
DeLand, FL

Dry Creek Imaging Center
Englewood, CO

Dry Creek Surgery Center
Englewood, CO

Dupont Surgery Center
Louisville, KY

East Houston Surgery Center
Houston, TX

East Memphis Surgery Center
Memphis, TN

Greater New Orleans Surgery Center
Metairie, LA

Jacksonville Beach Surgery Center
Jacksonville Beach, FL

Lee Island Coast Surgery Center
Ft. Myers, FL

Midtown Surgery Center
Memphis, TN

Northeast Baptist Surgery Center
San Antonio, TX

North Star Surgical Center
Lubbock, TX

Orlando Surgery Center
Orlando, FL

Orthopaedic Surgery Center of Asheville
Asheville, NC

Oxford Surgery Center
Oxford, MS

Physicians Ambulatory Surgery Center
Circleville, OH

Physicians Surgical Specialty Hospital
Houma, LA

Physicians SurgiCenter of Houston
Houston, TX

Premier Surgery Center
Brunswick, GA

South Shore Ambulatory Surgery Center
Lynbrook, NY

Surgical Care Center
Worcester, MA

Texarkana Surgery Center
Texarkana, TX

The Surgery Center of Ocala
Ocala, FL

Union City Surgery Center
Union City, TN

UroCenter
Memphis, TN

UT Day Surgery Center
Knoxville, TN

Village SurgiCenter of Erie
Erie, PA

West Bay Surgery Center
Largo, FL

Wilmington SurgCare
Wilmington, NC

Worcester Surgical Center
Worcester, MA

Affiliated Physician Groups

Memphis Outpatient Network
Memphis, TN

State of Franklin Healthcare Associates
Johnson, TN

TPI
Louisville, KY

Under development

Vincennes Surgery Center
Vincennes, IN

Largo Endoscopy
Largo, FL

SYMBION Connection

THE QUARTERLY PUBLICATION FOR SYMBION HEALTHCARE EMPLOYEES

SYMBION
HEALTHCARE

summer 2003

CEO'S CORNER:

WELCOME LETTER



Richard E. Francis, Jr.
Chairman &
Chief Executive Officer

Since the creation of Symbion, I have had the privilege of meeting many of the people who make our company successful. Whether talking with clinical, business office or administrative staff, I am always impressed by the dedication you have to your job and your patients.

One question I often hear is "who is Symbion?" Because we all understand healthcare is local and best delivered by people who live in the community they serve, Symbion keeps a low profile with patients and other customers. Yet, employees are the heart and soul of our company and the key to our continued success. I believe it is important for each of you to know what Symbion stands for and understand the principles upon

which we operate.

That's why I'm pleased to introduce the first issue of *Symbion Connection*, a new quarterly publication. In this issue you will find information about our history, values and operating philosophy as well as a look at our plans for the future. You may also see for the first time our mission statement and ten guiding principles. Even though we only recently adopted them, we have been making decisions based upon these values from day one.

While many companies have a mission statement, I believe Symbion is different in that we strive to live ours each day, caring for patients and meeting the needs of our physician partners. I am proud that the ten guiding principles we have selected are practical enough to have application in the way we conduct business, as well as in other areas of our lives. A special wallet-sized card is included in this issue to help you remember both our mission and our guiding principles.

Congratulations to the employees of West Bay Surgery Center in Largo, Fla., for submitting the winning name for our newsletter in the recent contest that was open to all facilities. To show our appreciation, they will enjoy a celebration event at their surgery center.

We plan to publish *Symbion Connection* each quarter to share information about our company, highlight new initiatives that will benefit our patients and physician partners and celebrate our successes. I hope you will enjoy this issue, and I thank you for your continued hard work and dedication.

Sincerely,

Richard E. Francis, Jr.
Chairman & Chief Executive Officer

WHO IS SYMBION?

A LOOK AT OUR PAST, PRESENT AND FUTURE

Based in Nashville, Tenn., Symbion is the largest privately-held ambulatory surgery company in the United States, operating 36 facilities and three physician networks in 16 states with two additional centers in development. In addition to offering surgical procedures across many specialties through its centers, Symbion owns and develops other types of facilities, including physician networks, single specialty surgery centers, surgical hospitals and diagnostic centers that are complementary to the company's operations. The company is successful, in part, because it provides patients with quality care in a comfortable, convenient setting and gives physicians more control over their schedules.

WHERE WE'VE BEEN

Symbion was created in 1999 when UniPhy, an operator of multi-specialty clinics, independent practice associations (IPAs) and related outpatient services, merged with surgery center manager Ambulatory Resource Centres.

The name Symbion originates from the word "symbiotic," which refers to a relationship of two or more entities that complement one another. It was chosen to emphasize the combined strengths of the companies' varied but complementary business lines and resulting synergies.

With outpatient surgery emerging as one of the fastest-growing segments of the country's healthcare service industry, Symbion is primarily focused on operating surgery centers in targeted markets around the country. The company also operates three physician net-

(continued inside)

SYMBION FACTS

Founded: June 1999

Employees: 1,700

Physician partners: 500

Hospital partners: 5

Facilities: 36

Physician networks: 3

New surgery centers in development: 2

States in which we operate: 16

Location of home office: Nashville, TN

2003 revenues: \$175 million

OUR MISSION

To deliver high quality, convenient outpatient healthcare services to the communities we serve, creating exceptional value for our patients and partners.

SYMBION
HEALTHCARE

(continued from cover)

works, which remain an important part of the company.

Symbion is dedicated to continued growth through partnering with local physicians and healthcare delivery systems to acquire existing centers or develop new ones.

"We are unique in that we evaluate each opportunity individually – not based on whether they fit a pre-determined mold," said Richard E. Francis Jr., chairman and chief executive officer of Symbion. "This flexibility allows us to draw upon years of experience in the industry and a proven track record to pursue multiple growth strategies in a particular market."

WHERE WE'RE GOING

While committed to continued growth and expansion, Symbion has not lost sight of the principles upon which it was founded. The company recently adopted a mission statement and ten guiding principles:

OUR MISSION

To deliver high quality, convenient outpatient healthcare services to the communities we serve, creating exceptional value for our patients and partners.

TEN GUIDING PRINCIPLES

- Act with integrity
- Have a plan
- Take ownership
- Focus with passion
- Show up and never quit
- Do not blame or judge
- Pitch in
- Be big not little
- Laugh and celebrate
- Be grateful

"Our success as a company will depend on our ability to provide high quality patient care in a comfortable, convenient and efficient environment," said Clifford G. Adlerz, Symbion's president and chief operating officer.

"I firmly believe that we will be successful in creating a positive environment for our patients and our physician partners if we make decisions based on our mission and these simple – yet practical – principles."

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GROUPTHINK:

UNDERSTANDING HOW WE OPERATE

Like many rapidly growing companies, Symbion's operations are structured in two divisions in an effort to more closely manage operations and foster growth opportunities.

The Multi-Specialty Group includes 34 facilities. Nearly every facility in this group offers surgical services in multiple specialties ranging from general surgery and pain management to orthopedics and gastroenterology.

The Specialty Group represents an expansion in strategy for the company, which has traditionally focused on operating multi-specialty facilities. In addition to several centers already in operation, the group includes two centers that will be opening later in the year and three physician networks.

Symbion Connection recently talked with Charles Neal and Gregg Stanley, presidents of the Multi-Specialty and Specialty Group, respectively, to gain perspective how each group plays a part in Symbion's overall strategy.

Q: WHAT DOES THE FUTURE HOLD FOR EACH OF YOUR GROUPS?

NEAL: The Multi-Specialty Group is focused on helping each center grow their volumes through the addition of new physicians, specialties and equipment. We realize there is no "one size fits all" approach to running surgery centers, so we work very closely with each individual facility to develop a strategic plan that works for their market. We'll soon provide the centers with access to our data warehouse, a new tool that allows managers to benchmark their progress in key areas like supply cost with other centers in the company.

STANLEY: We are in the beginning stages of our focus on single specialty centers and markets. We'll continue developing our existing centers and physician networks while adding single specialty centers where it makes sense. In addition to finalizing the two centers we currently have in development, our goal is to complete one more acquisition and have two new centers in development by the end of the year.

Q: WHY DO YOU THINK AMBULATORY SURGERY CENTERS CONTINUE TO GROW IN POPULARITY? DO YOU THINK THE INDUSTRY WILL BE ABLE TO SUSTAIN THIS GROWTH OVER THE LONG TERM?

NEAL: I think consumers realize that having surgery in an ASC is simply more convenient than in a traditional hospital setting. From finding a place to park to ease of patient registration, surgery centers are easier to navigate. I think the industry will continue to grow as medical technology makes it possible for more procedures to be done in an outpatient setting.

Q: WHAT SPECIALTIES WILL YOU FOCUS ON AS THE COMPANY BEGINS TO DEVELOP NEW SINGLE SPECIALTY SURGERY CENTERS?

STANLEY: We'll likely focus on gastroenterology, ophthalmology and ear, nose and throat since each of these specialties are growing rapidly as the population ages and typically get a lot of support from physicians who would like to have more control over their surgery schedule than routinely afforded in a hospital setting.

Q: HOW DO SYMBION'S THREE PHYSICIAN GROUPS FIT INTO THE COMPANY'S OVERALL STRATEGY?

STANLEY: These networks have been successful and it makes sense to continue our commitment to this segment of the market. Since our management team has deep experience in managing physician groups we found that we can leverage that knowledge to benefit our single specialty surgery centers since they are often joint ventures with a single physician group. If we can help the practice grow, then the surgery center will grow as well.

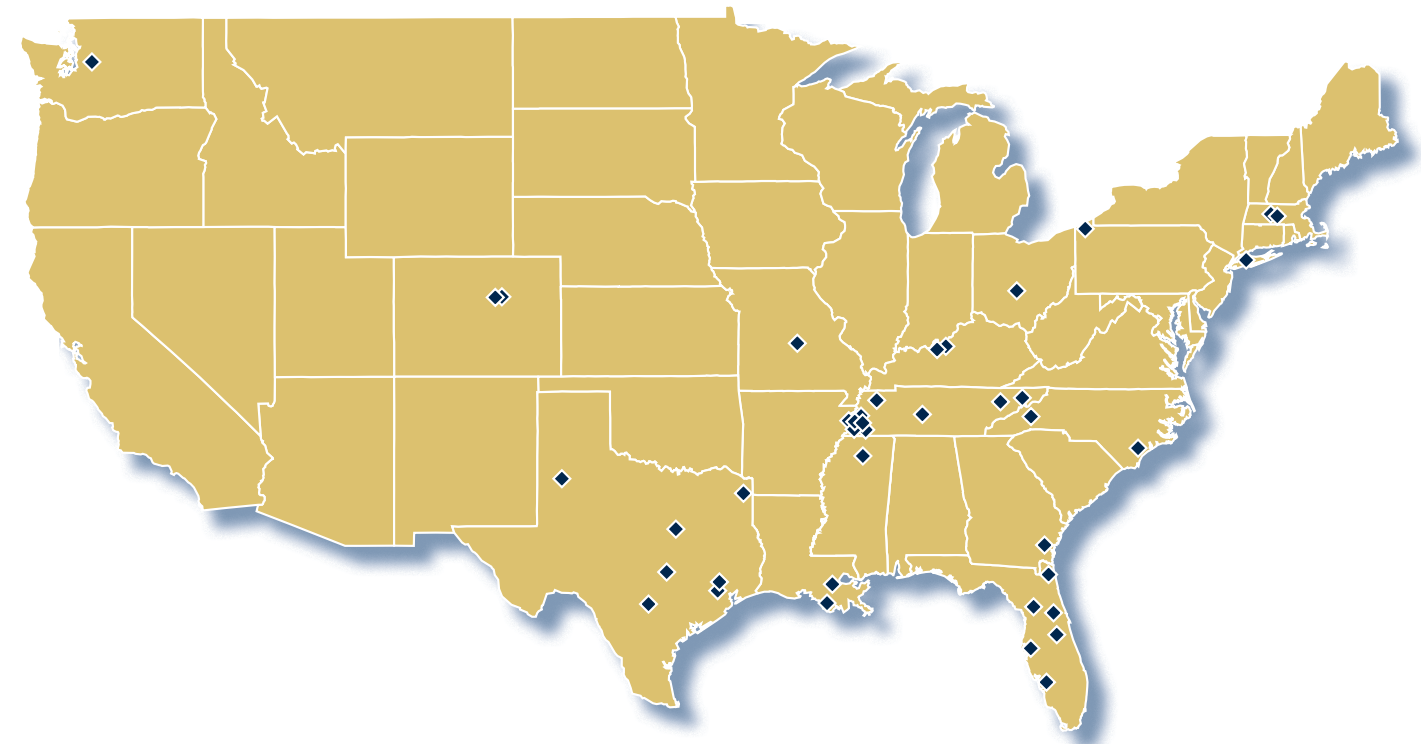
Q: IN YOUR OPINION, WHAT IS THE BIGGEST WAY AN EMPLOYEE – REGARDLESS OF HIS OR HER POSITION – CAN CONTRIBUTE TO THE SUCCESS OF THE COMPANY?

NEAL: The single most important thing employees can do is to deliver good customer service.

People don't come to our facilities because they want to be there; they come because they have a medical need. They expect us to take care of them whether it's checking them in, finding a blanket or performing surgery. I think patients expect more because our facilities are smaller and more personal than a traditional hospital setting.

STANLEY: I would say the biggest way an employee can make a difference is to pay attention to the details of their job in order to exceed patient and physician expectations. From making sure the bills we submit to payors are coded correctly to double-checking a dosage of medication, attention to detail shows you care. Sometimes a job description is merely a starting point – especially in smaller or single specialty centers – so being flexible is important too.

S Y M B I O N L O C A T I O N S



Symbion currently operates surgery centers, physician networks and diagnostic centers in 16 states.

(Full listing on next page)