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REPORT

EAST JEFFERSON GENERAL HOSPITAL

RETIREMENT AND SAVINGS PLAN

DECEMBER 31, 2003 AND 2002

EAST JEFFERSON GENERAL HOSPITAL

RETIREMENT AND SAVINGS PLAN

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INDEPENDENT AUDITOR'S REPORT

February 6, 2004

To the Pension Committee
East Jefferson General Hospital
Retirement and Savings Plan
Metairie, Louisiana

We have audited the accompanying statements of plan net assets of the East Jefferson General Hospital Retirement and Savings Plan as of December 31, 2003 and 2002 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Pension Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the East Jefferson General Hospital Retirement and Savings Plan at December 31, 2003 and 2002 and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the East Jefferson General Hospital Retirement and Savings Plan adopted the provisions of the Government Accounting Standards Board Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as of January 1, 2002.

Management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental schedules listed in the foregoing index to report are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such required supplemental schedules for the years ending December 31, 1998 through December 31, 2003 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards,* we have also issued a report dated February 6, 2004 on our consideration of the East Jefferson General Hospital Retirement and Savings Plan's internal control over financial reporting and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, L.L.P.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2003

This discussion and analysis of the financial performance of East Jefferson General Hospital's Savings and Pension Plan provides an overview of the Defined Contribution and Defined Benefit Plans' financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS – DEFINED BENEFIT RETIREMENT PLAN

The following highlights are explained in greater detail later in this discussion.

- The net assets held in trust for the Defined Benefit Retirement Plan funds increased by $6,086,870 during the 2003 fiscal year and totaled $32,326,153 as of December 31, 2003.
- Retirement benefits paid during 2003 increased $793,142 to total $2,133,681.
- Employer contributions to the Plan increased $700,313 during 2003 to total $3,476,412.
- Net appreciation in the fair market value of investments revealed net appreciation of $4,267,998 compared to net depreciation of $4,787,086 for the prior fiscal year.
- Investment advisory fees and custodial fees totaling $239,649 decreased $17,291.

FINANCIAL HIGHLIGHTS – 401(a) DEFINED CONTRIBUTION SAVINGS PLAN

The following highlights are explained in greater detail later in this discussion.

- The net assets held in trust for the 401(a) Defined Contribution Savings Plan increased by $6,396,990 during the 2003 fiscal year and totaled $45,296,166 as of December 31, 2003.
- Net appreciation in fair market value of investments revealed net appreciation of $5,068,483, compared to net depreciation of $6,152,610 for the prior fiscal year.
- Total contributions to the Savings Plan decreased by $519,494 to total $4,386,885 as of December 31, 2003.
- Savings Plan withdrawals decreased $1,917,896 during 2003 bringing total benefit payments to $4,140,217.

AMENDMENTS TO THE DEFINED BENEFIT RETIREMENT PLAN

During 2002, the East Jefferson General Hospital Board of Directors adopted Sixth and Seventh Amendments to the Defined Benefit Retirement Plan. The Sixth Amendment included technical language that would allow the plan to incorporate the following law changes that affect qualified government employee retirement plans: the Uniformed Services Employment and Reemployment Rights Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998 and the Community Renewal Tax Relief Act of 2000. The Seventh Amendment included language to incorporate an "Enhanced Early Retirement Benefit" offered by the Hospital during August 2002 to approximately 500 eligible team members. On September 3, 2002, the Hospital submitted an application to the IRS requesting a fivorable determination on the continued qualified status of the Retirement Plan for the Employees of East Jefferson General Hospital. The IRS issued a favorable determination letter on August 18th, 2003.

EAST JEFFERSON GENERAL HOSPITAL
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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AMENDMENTS TO THE DEFINED BENEFIT RETIREMENT PLAN (Continued)

The Board of Directors of East Jefferson General Hospital has subsequently adopted three additional amendments to the Defined Benefit Retirement Plan. Amendment Eight to the Plan provides for retired participants receiving benefits to continue receiving benefits if they are re-hired on a "PRN", or as-needed, basis. Amendment Nine to the Plan provides for information technology team members transferred to Phoenix Health Systems, an IT outsourcing service provider, to become fully vested in their accrued benefits under the plan as of their last date of employment by the hospital. Finally, Amendment Ten to the Plan provides that certain information technology team members out-sourced to Eclypsis, and subsequently re-hired by EJGH, shall be credited with vesting service for their employment with Eclypsis.

CHANGES IN THE DEFINED BENEFIT PLAN'S INVESTMENT ADVISORS

Four investment advisors manage the investments administered by the Defined Benefit Retirement Plan. The primary investment advisor, Equitas Capital Advisors, LLC, monitors and reports regularly on the performance of three sub-advisors specializing in: Large Cap Equity Value, Large Cap Equity Growth, and Fixed Income/Intermediate Term Bonds. During 2003, there were two changes in investment sub-advisors.

In late 2002, Cutler & Co., LLC, the Defined Benefit Plan's Large Cap Equity Value Manager, sold its book of business, and transferred key personnel, to Fox Asset Management, LLC. In March of 2003, the Board of Directors consented to the assignment of the Cutler Investment Advisory Agreement to Fox.

Following a review of the performance of the Defined Benefit Plan's Large Cap Equity Growth Manager, Equitas Capital Advisors was directed to conduct a search for a replacement. In October of 2003, following Board approval, Polen Capital Management replaced Gartmore (formerly Groupama) as the Plan's Large Cap Equity Growth Manager.

DEFINED BENEFIT RETIREMENT PLAN FINANCIAL PERFORMANCE

The Net Assets Held in Trust for the Defined Benefit Retirement Plan increased by $6,086,870 during the 2003 fiscal year and totaled $32,326,153 as of December 31, 2003. While benefit payments increased by 793,142, and investment income from interest and dividends decreased by 73,895, the relatively small negative impact of these factors was offset by the combination of a $700,313 increase in employer contributions to the plan and a $4,267,998 appreciation in the fair market value of the Plan's investments.

Investment income from interest and dividends was reduced by 9.4% in 2003. This was primarily the result of a $98,899 reduction in interest income and corresponds to a market-wide trend of decreasing interest rates on bond issues. Another reduction in net plan assets was caused by a $793,142 comparative increase in benefit payments during 2003. This increase can be attributed to the first full year of benefits paid to team members electing to use the early retirement window offered in 2002. The combined effect of these factors, however, was offset by increases in employer contributions and the market value of the Plan's investments.

EAST JEFFERSON GENERAL HOSPITAL
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AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2003

DEFINED BENEFIT RETIREMENT PLAN FINANCIAL PERFORMANCE (Continued)

During 2003, the fair market value of investments held by the Defined Benefit Pension Plan revealed a net appreciation of $4,267,998. Equitas Capital Advisors, the Plan's primary investment advisor, has calculated the net time-weighted rate of return for the plan year ending December 31, 2003 at 16.97%. The improved overall performance of the Plan's investments can be primarily attributed to the 28.76% time-weighted rate of return on the Plan's equity investments, which comprised approximately 60% of the market value of the fund as of December 31, 2003. Fixed income investments, comprising approximately 33% of the fund, contributed a 3.14% net time-weighted rate of return for 2003.

The Employer contribution to the Plan increased during 2003 by $700,313 to total $3,476,412. This funding was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2003 Plan Year Actuarial Valuation performed by Watson Wyatt and Co. The actuarial valuation for the plan year beginning January 1, 2004, prepared by Milliman USA, recommends a $2,953,227 contribution to the Pension Trust Fund during 2004. The $523,185 decrease in the funding requirement is primarily the result of improved market conditions during 2003.

The Schedule of Contributions – Employer and Other Sources (on page 17) presents historical trend information about the annual required employer contributions and the contributions made in relation to the requirement. The Schedule of Funding Progress (on page 18) includes historical trend information about the actuarially funded status of the plan from an on-going plan perspective and the progress made in accumulating sufficient assets to pay benefits and insurance premiums when due. These schedules provide information that contributes to understanding the changes over time in the funding status of the Plan.

DEFINED CONTRIBUTION SAVINGS PLAN FAVORABLE IRS DETERMINATION

The East Jefferson General Hospital 401(a) Defined Contribution Savings Plan Document was restated and adopted by the East Jefferson General Hospital Board of Directors during their February 2002 meeting. The revised document included language necessary to incorporate technical language to bring the Savings Plan into compliance with GUST. Subsequent to the adoption of the revised Savings Plan Document, the Hospital mailed the document to the IRS and requested a continued favorable plan determination. On July 17th, 2003, the IRS issued a letter favorable determination on the qualified status of the Saving Plan.

DEFINED CONTRIBUTION 401(a) SAVINGS PLAN FINANCIAL PERFORMANCE

The net assets held in trust for the 401(a) Savings Plan administered by East Jefferson General Hospital increased by $6,396,990 during the 2003 fiscal year. This can be attributed to the combination of a $5,068,483 net appreciation in the fair market value of Savings Plan investments and a $1,917,895 decrease in withdrawals from the plan. The positive effect of these two factors was offset by the $519,494 decrease in contributions to the Savings Plan.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
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DEFINED CONTRIBUTION 401(a) SAVINGS PLAN FINANCIAL PERFORMANCE (Continued)

During 2003, Savings Plan investments reflected a net appreciation in fair market value of $5,068,483. The net appreciation is the direct result of favorable market conditions, and represents a dramatic improvement when compared to last year's $6,152,610 net depreciation in fair market value. Improved market performance may have also been a factor in the $1,917,896 decrease in withdrawals from the plan as compared to 2002. However, elevated 2002 withdrawal activity resulting from reductions in the workforce may have also contributed to the variance between the years.

Total contributions to the Savings Plan decreased by $519,494 to total $4,386,885 during 2003. Decreases in team-member contributions comprised $501,727 (or 96.6%) of the overall decrease. This decrease may also be attributed to the carry-over effects of the late-2002 reduction in workforce and early retirement window offering.

EJGH RETIREMENT AND SAVINGS PLANS AS A WHOLE

East Jefferson General Hospital's combined plan net assets increased during the year ended December 31, 2003 by $12,483,860 from $65,138,459 to $77,662,319. This increase is in contrast to last years' $9,008,084 decrease and largely due to a $9,336,481 net appreciation in the fair value of combined plan assets during 2003.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to Cheryl Henke, Senior Vice President, Human Resources, East Jefferson General Hospital, 4200 Houma Boulevard, Metairie, Louisiana 70006 (504) 454-5450.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2003 AND 2002

	2003			2002		
	Defined Benefit Retirement Plan	Savings Plan	(Total Memorandum Only)	Defined Benefit Retirement Plan	Savings Plan	(Total Memorandum Only)
ASSETS:						
Receivables:						
Accrued interest and dividends	$ 156,616	$ -	$ 156,616	$ 119,668	$ -	$ 119,668
Contributions receivable:						
Employee	-	141,499	141,499	-	220,408	220,408
Employer	-	45,756	45,756	-	140,117	140,117
Total receivables	156,616	187,255	343,871	119,668	360,525	480,193
Investments, at fair value:						
Cash equivalents	2,572,425	-	2,572,425	1,387,998	-	1,387,998
U.S. Government and agency issues	4,244,560	-	4,244,560	3,997,019	-	3,997,019
Corporate bonds	6,301,834	-	6,301,834	5,355,118	-	5,355,118
Equities	19,062,826	-	19,062,826	15,399,637	-	15,399,637
The Diversified Investors Funds Group	-	45,217,398	45,217,398	-	38,887,534	38,887,534
Total investments	32,181,645	45,217,398	77,399,043	26,139,772	38,887,534	65,027,306
Total assets	32,338,261	45,404,653	77,742,914	26,259,440	39,248,059	65,507,499
LIABILITIES:						
Accounts payable	12,108	-	12,108	20,157	-	20,157
Contributions paid in advance and forfeitures	-	108,487	108,487	-	348,883	348,883
Total liabilities	12,108	108,487	120,595	20,157	348,883	369,040
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress for the plan is presented on Page 18)	$ 32,326,153	$ 45,296,166	$ 77,622,319	$ 26,239,283	$ 38,899,176	$ 65,138,459

See accompanying notes.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003			2002		
	Defined Benefit Retirement Plan	Savings Plan	(Total Memorandum Only)	Defined Benefit Retirement Plan	Savings Plan	(Total Memorandum Only)
ADDITIONS:						
Contributions:						
Members	$ -	$ 2,017,484	$ 2,017,484	$ -	$ 2,519,211	$ 2,519,211
Employer	3,476,412	2,369,401	5,845,813	2,776,099	2,387,168	5,163,267
Total contributions	3,476,412	4,386,885	7,863,297	2,776,099	4,906,379	7,682,478
Investment income:						
Interest	448,005	854,570	1,302,575	546,904	904,460	1,451,364
Dividends	267,785	227,269	495,054	242,781	210,581	453,362
Net appreciation in fair value of investments	4,267,998	5,068,483	9,336,481	-	-	-
	4,983,788	6,150,322	11,134,110	789,685	1,115,041	1,904,726
Less:						
Investment advisory services	184,845	-	184,845	213,478	-	213,478
Custodial fees	54,804	-	54,804	43,462	-	43,462
Net investment income	4,744,139	6,150,322	10,894,461	532,745	1,115,041	1,647,786
Total additions	8,220,551	10,537,207	18,757,758	3,308,844	6,021,420	9,330,264
DEDUCTIONS:						
Net depreciation in fair value of investments	-	-	-	4,787,086	6,152,610	10,939,696
Retirement benefits paid and savings plan withdrawals	2,133,681	4,140,217	6,273,898	1,340,539	6,058,113	7,398,652
Total deductions	2,133,681	4,140,217	6,273,898	6,127,625	12,210,723	18,338,348
NET INCREASE (DECREASE)	6,086,870	6,396,990	12,483,860	(2,818,781)	(6,189,303)	(9,008,084)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:						
Beginning of year	26,239,283	38,899,176	65,138,459	29,058,064	45,088,479	74,146,543
END OF YEAR	$ 32,326,153	$ 45,296,166	$ 77,622,319	$ 26,239,283	$ 38,899,176	$ 65,138,459

See accompanying notes.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
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Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA). In addition, as of January 1, 2002, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments* and related standards. The new standard did not change the financial reporting or note disclosures required by GASB 25; it did require the inclusion of a management discussion and analysis as supplementary information.

Basis of Accounting:

The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest and dividend income is recognized when earned.

Method Used to Value Investments:

Investments are reported at fair value, based on quoted market prices, short-term investments are reported at cost and insurance contracts at contract value, which approximates fair value.

Memorandum Only Column:

The total columns on the Statement of Plan Net Assets and Statement of Changes in Plan Net Assets are captioned memorandum only to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

Tax Status:

Both the retirement and savings plan have received a favorable determination as a qualified plan under the Internal Revenue Code section 401(a).

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION:

The East Jefferson General Hospital, Retirement Plan Committee, is the administrator of a single employer defined benefit retirement plan and a defined contribution savings plan. The Plan was established for the purpose of providing retirement benefits for substantially all employees of East Jefferson General Hospital (Hospital).

DEFINED BENEFIT RETIREMENT PLAN:

All full-time employees at least age 21 with at least one year of credited service are eligible to participate in the Plan. Plan benefits vest after 5 years of credited service. Employees who retire at or after age 62 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life. The Plan also provides early retirement benefits at reduced amounts at age 55 with 10 years of service. The Plan also provides death benefits. This benefit provision and all other requirements are established by the Plan.

Membership in the Plan as of the last actuarial valuation consists of:

	1/1/04	1/1/03
Retirees and beneficiaries receiving benefits	447	428
Terminated employees entitled to benefits but not yet receiving them	1,406	1,354
Active employees	1,910	1,984
TOTAL PARTICIPANTS	3,763	3,766

Pension Benefits:

The annual benefit at normal retirement will be equal to the benefit accrued through December 31, 1988 under the previous pension plan formula plus, for each year after 1988, benefits accrued under a new formula.

Under the new formula benefits accrue at .75% of participant's annual pay up to a designated "breakpoint" and .5% of annual pay in excess of the breakpoint. In succeeding years the new formula would continue to apply, but as the Social Security taxable wage base increases, so will the breakpoint.

After five years of employment with the Hospital (counting all prior service), the pension benefit will be fully vested. Prior service counts for vesting purposes for terminated employees rehired within five years that were not fully vested at termination.

At retirement, the participant may choose to receive a monthly benefit amount in one of several annuity forms - life annuity, joint and survivor annuity, and ten year certain and life annuity.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION: (Continued)

DEFINED BENEFIT RETIREMENT PLAN: (Continued)

Death Benefits:

If a participant dies after becoming vested, the surviving spouse will receive a monthly benefit from the plan. This benefit is only available to the surviving spouse and will be payable at the time the participant would have qualified for early retirement, unless the spouse elects to defer payments to a later date.

Contributions:

The Plan's funding policy provides for actuarially determined periodic contributions.

The actuarially determined recommended contribution for the plan year ending December 31, 2003 is shown below compared to the actual contribution made based on the prior valuation for 2002.

	January 1, 2004 for 2004	January 1, 2003 for 2003
ANNUAL CONTRIBUTION:		
As a dollar amount	$ 2,953,227	$ 3,476,412
As a percent of payroll	3.7%	4.2%
Participant payroll	80,774,461	82,385,934

Plan Amendments:

During 2003, the Plan was amended to grant outsourced team members full vesting status. The Plan was also amended to allow registered nurses who were retired and are rehired on a part-time basis to continue receiving retirement benefits.

During 2002, the Plan was amended to offer an Early Retirement Window. Through this one-time election, eligible participants were offered an additional 5 years of service and 5 years added to their age as benefit enhancements.

The Plan was also amended to include certain technical amendments to comply with the Unemployment Compensation Amendments of 1992, the Retirement Protection Act of 1994, the Uniformed Services Employment and Re-employment Rights Act of 1994, the Small Business Protection Act of 1996, and the Taxpayer Relief Act of 1997.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
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2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION: (Continued)

DEFINED CONTRIBUTION SAVINGS PLAN:

The Plan covers all full-time employees who have been employed for a twelve-month period during which at least one thousand hours of service are completed and who are at least twenty-one years of age. The Plan has 3,763 and 3,766 members for the years ended 2003 and 2002, respectively.

Contributions:

The Plan provides for a basic contribution by the Hospital of two percent of eligible annual compensation including overtime. The plan allows employees to contribute up to twenty percent of eligible annual compensation of which the Hospital will match up to two percent. This matching contribution is in addition to the basic contribution received by all participants.

Participants' Accounts:

Each participant's account is credited with the Hospital's contribution and Plan earnings. Allocation of the Hospital's contributions is based on Plan compensation. Compensation for Plan purposes is the employee's total annual compensation and overtime pay and other extra compensation as specified in the plan document.

Vesting:

The participant is one hundred percent vested after the completion of five credited years of vesting service and upon death, disability or termination of the Plan. For this purpose participants earn one year of vesting service for each year in which they work one thousand hours or more. Any contributions made by participants for the Plan and earnings on that contribution are one hundred percent vested to the participants when made.

Withdrawals and Distributions:

Participants are allowed to withdraw their own contributions to the Plan. Hospital contributions may not be withdrawn. Withdrawals are limited to one per calendar year. No contributions may be made to the plan for a six-month period after a withdrawal, and during that six months the participant is ineligible to receive the Hospital's matching contributions.

Loans are not permitted under the terms of the Plan.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
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2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION: (Continued)

DEFINED CONTRIBUTION SAVINGS PLAN: (Continued)

Withdrawals and Distributions: (Continued)

Upon termination of employment for resignation, dismissal, retirement or death, the participant's contributions plus the vested portion of the Hospital's contributions, and the related earnings are distributed to the participant or his/her designated beneficiary. Distributions may be in the form of a lump sum or annuity provided by an insurance carrier.

Forfeitures

Basic and matching deposits in the account of a participant who separates from service prior to becoming vested are forfeited and used to reduce Hospital contributions.

If a participant returns to service within five years, the dollar amount forfeited is restored to his account.

3. ACTUARIAL COST METHOD:

The Traditional Unit Credit Cost Method was used to calculate the funding requirements for the defined benefit retirement plan for the years ended December 31, 2003 and 2002. Under this cost method, the normal cost of active participants under normal retirement age is equal to the actuarial present value of the benefit expected to accrue during the next year, taking into account pension, termination, death, and disability benefits. The normal cost for the plan is the total of the individually computed normal cost for all participants.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality & turnover which are assumed to hold for many years into the future.

4. REQUIRED SUPPLEMENTARY SCHEDULES:

Information in the required supplemental schedules is designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits and is presented on pages 16 - 18.

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Plan's cash equivalents and investments at December 31, 2003 and 2002.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
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5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

	Defined Benefit Retirement Plan	Savings Plan	Total
2003:			
Cash equivalents	$ 2,572,425	$ --	$ 2,572,425
Investments	29,609,220	45,217,398	74,826,618
	$ 32,181,645	$ 45,217,398	$ 77,399,043
2002:			
Cash equivalents	$ 1,387,998	$ --	$ 1,387,998
Investments	24,751,774	38,887,534	63,639,308
	$ 26,139,772	$ 38,887,534	$ 65,027,306

Cash Equivalents:

The Plan's cash equivalents totaling $2,572,425 and $1,387,998 at December 31, 2003 and 2002, respectively, consist of government backed pooled funds. The funds are held by a sub-custodian and are managed by a separate money manager and are in the name of the Plan's custodian's trust department.

Investments:

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. At December 31, 2003, the Retirement Plan's investments were held by Bank One, the Savings Plan's investments were held by Investors Bank and Trust Company.

The Plan's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end, that is, the risk associated with the exposure to a potential loss from unauthorized transfer of a financial instrument. Category 1 includes investments that are insured or registered or for which the securities are held by the Plan or its agent in the Plan's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Plan's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Plan's name.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments: (Continued0

	Defined Benefit Retirement Plan	Savings Plan	Total	Category
U.S. Government and Agency Issues	$ 4,244,560	$ --	$ 4,244,560	1
Corporate bonds	6,301,834	--	6,301,834	1
Equities	19,062,826	--	19,062,826	1
The Diversified Investors Funds Group	--	45,217,398	45,217,398	N/A
	$ 29,609,220	$ 45,217,398	$ 74,826,618	

There were no individual investments (other than those guaranteed or issued by the U.S. Government and mutual funds) representing 5% or more of the Plan's net assets.

6. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

7. THE DIVERSIFIED INVESTORS FUNDS GROUP:

During the year ended December 31, 2000, the Plan entered into an agreement with Diversified Investment Advisors. Under the agreement, the Plan may invest in mutual funds, which are part of the Diversified Investors Funds Group.

The Diversified Investors Funds Group invests in a diversified portfolio of equities, money market, bond and strategic allocation funds.

The funds are included in the financial statements at December 31, 2003 and 2002 at the fair market value.

8. PLAN TERMINATION:

Although it has not expressed any intent to do so, the Hospital has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

8. SUBSEQUENT EVENTS:

Effective December 31, 2003, the Plan froze the 401(a) defined contribution savings plan to new members and all contributions to the 401(a) ceased. After the blackout period, team members will be allowed to make contributions to a tax deferred 403(b) plan in 2004.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
DECEMBER 31, 1998 THROUGH 2003

YEAR ENDED DECEMBER 31	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
1998	$1,417,503	100%
1999	1,659,191	100
2000	1,900,982	100
2001	2,160,517	100
2002	2,776,099	100
2003	3,476,412	100

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 1998 THROUGH 2003

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Surplus) Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/99	$ 25,761,027	$ 25,110,946	$ (650,081)	102.4 %	$ 77,079,097	-0- %
01/01/00	28,726,916	28,737,799	10,883	100.0	86,303,775	-0-
01/01/01	30,032,095	32,007,040	1,974,945	93.8	84,500,582	2.4
01/01/02	29,076,165	35,830,842	6,754,677	81.1	90,473,690	7.5
01/01/03	26,259,440	44,129,053	17,869,613	59.5	82,385,934	21.7
01/01/04	32,338,261	46,598,037	14,259,776	69.4	80,774,461	17.7

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
NOTES TO SCHEDULE OF CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2003

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2004
Actuarial Cost Method	Traditional Unit Credit
Amortization Method	The required amounts are determined at a level payment each year for the remaining amortization period. The amortization period is for an unlimited number of years. (Level Payments Open)
Remaining Amortization Period	30 years
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	8.50% per annum
Amortization Method	Level Dollar
Amortization Period	30 years Remaining (Open Basis)
Salary Increase Rate	5.00%
Cost of Living Adjustments	None

DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS FOR THE YEAR ENDED DECEMBER 31, 2003

February 6, 2004

To the Pension Committee
East Jefferson General Hospital
Retirement and Savings Plan
Metairie, Louisiana

We have audited the financial statements of the East Jefferson General Hospital, Retirement and Savings Plan, as of and for the year ended December 31, 2003, and have issued our report thereon dated February 6, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended for the information of the Pension Committee, management, and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, L.L.P.