
UPMC

FISCAL YEAR 2009 FINANCIAL RESULTS

AUGUST 27, 2009

UPMC'S FINANCIAL PICTURE

- Operating income strong
- Operating EBIDA, or cash flow income, exceeded \$500 million
- Diversified investment reserve portfolio results reflect the overall market, but outperformed the S&P500 for the fiscal year
- Balance sheet impacted ... but still strong
 - Cash reserves provide cushion to help absorb economic shocks

RESULTS IN BRIEF:

\$213 million operating income / \$2.8 billion investment reserve portfolio

UPMC'S TWO BUSINESSES

Operations

- Operating income of **\$213 million*** used to run operations, fund capital expenditures and create new programs
 - Key drivers include admissions (↑3%), outpatient revenue (↑8%), physician revenue (↑12%) and UPMC Health Plan membership (↑9%)

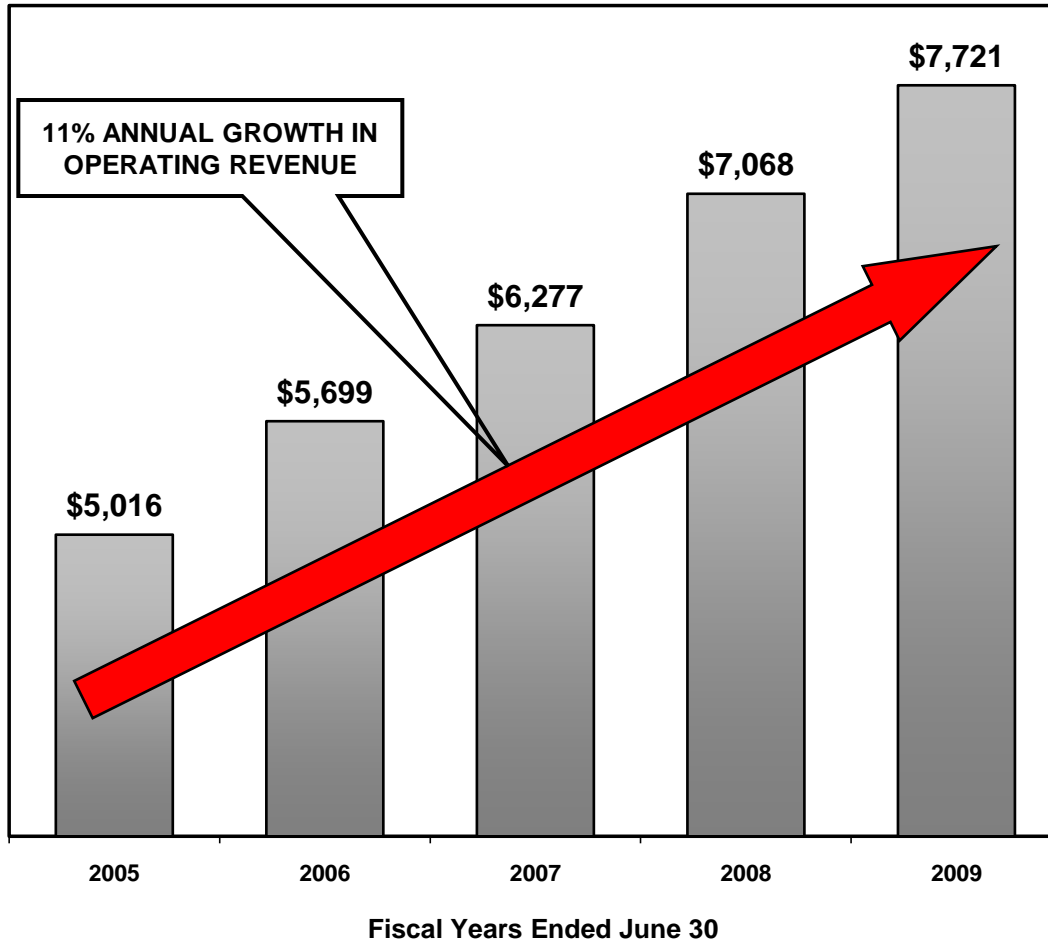
Investment Reserve Portfolio

- **\$2.8 billion** investment reserve portfolio provides for long-term sustainability
 - Not used to fund day-to-day operations
 - Calendar year return for 2009 is approximately flat
 - Increase in investment reserve due to a positive return for the quarter and a successful bond issue

* - Excludes one-time \$21 million separation expense

CONTINUED OPERATING REVENUE GROWTH

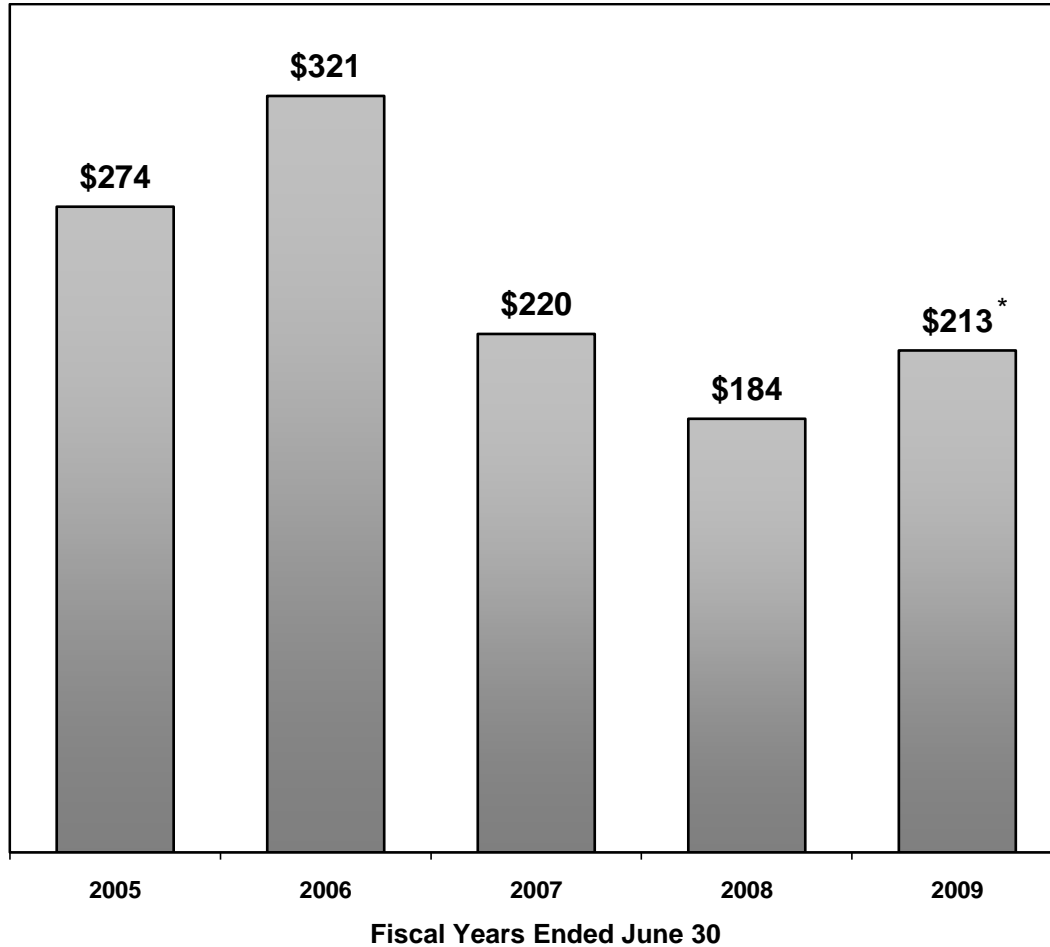
(Dollars In Millions)



- UPMC's operating revenue has increased by 54% since 2005.
- 11% compound annual growth rate allows UPMC to pursue various growth and community initiatives.
- Revenue growth for FY09 consistent with trend.

STRONG OPERATING INCOME

(Dollars In Millions)

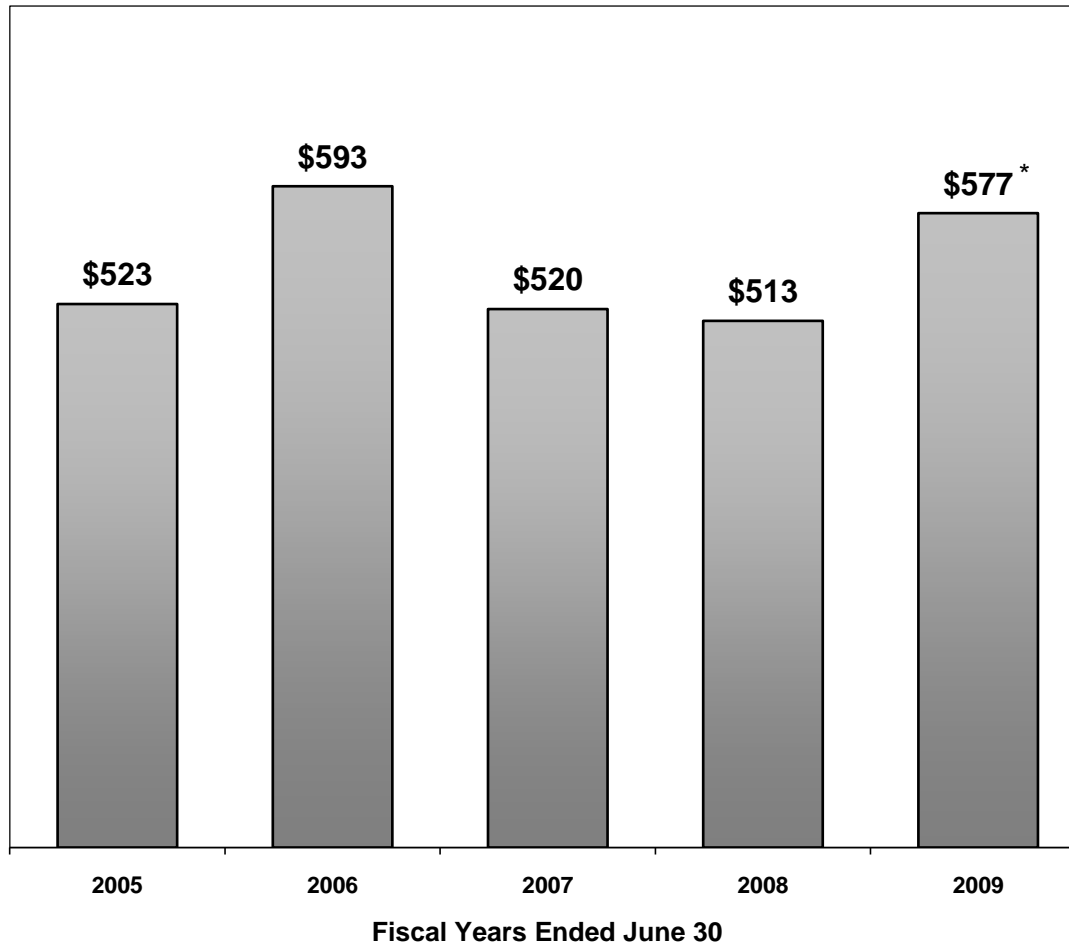


- Operating income for FY09 up compared to same period year ago.
- Consistently achieving income levels necessary to run operations, fund capital expenditures and create new programs for the residents of western Pennsylvania.

* - Excludes one-time \$21 million separation expense

OPERATING EBIDA ROBUST

(Dollars In Millions)



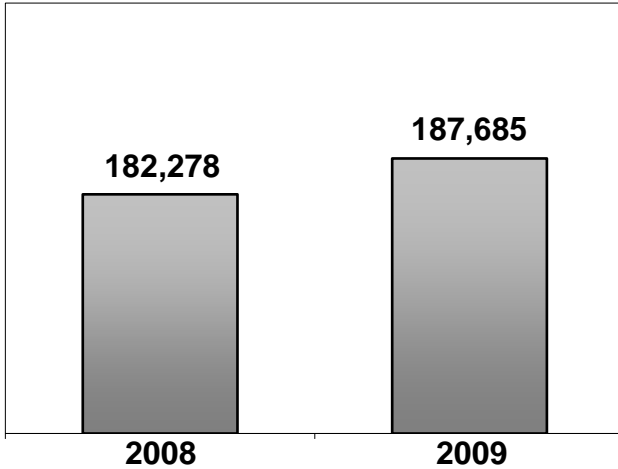
- *Fifth* consecutive fiscal year of \$500 million in operating EBIDA.
- Allows UPMC to reinvest in western Pennsylvania and fulfill its core mission of providing outstanding patient care while shaping tomorrow's health system.

* - Excludes one-time \$21 million separation expense

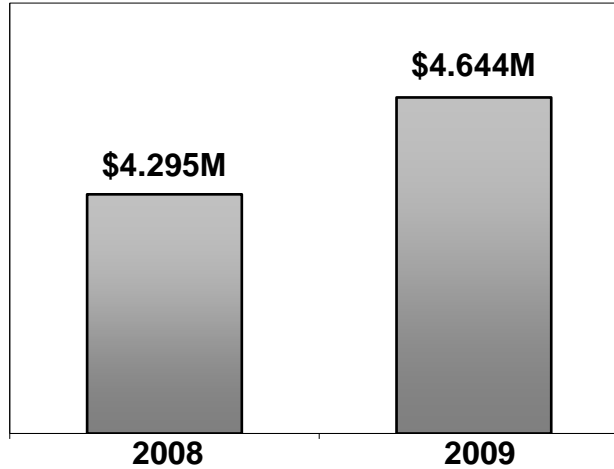
KEY UPMC OPERATING METRICS

(Fiscal Years Ended June 30)

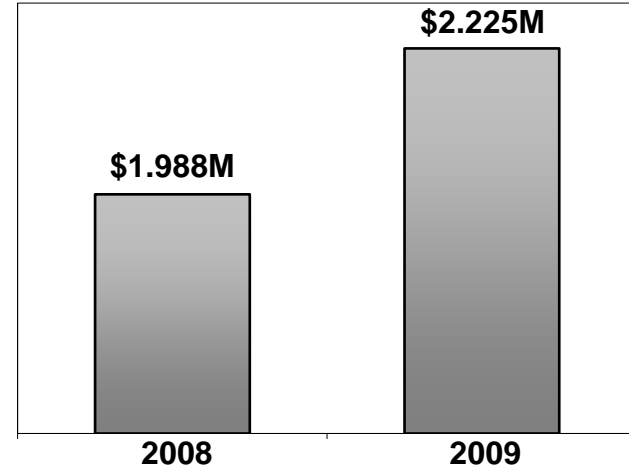
TOTAL ADMISSIONS



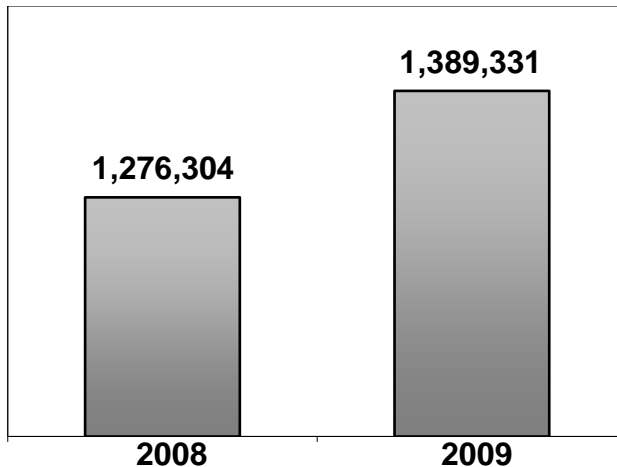
OUTPATIENT REVENUE/WORKDAY



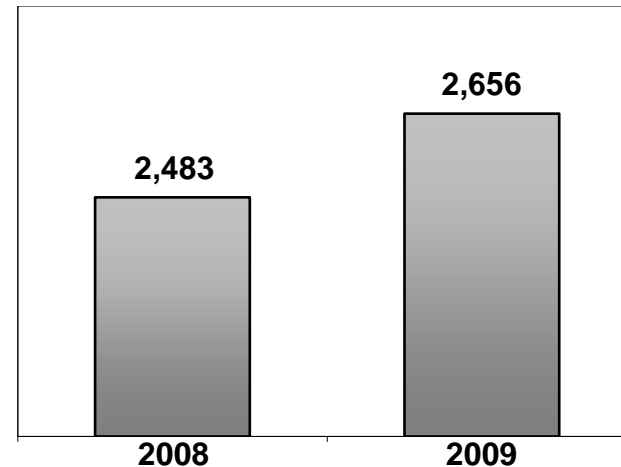
PHYSICIAN SERVICE REVENUE/WEEKDAY



UPMC HEALTH PLAN MEMBERSHIP

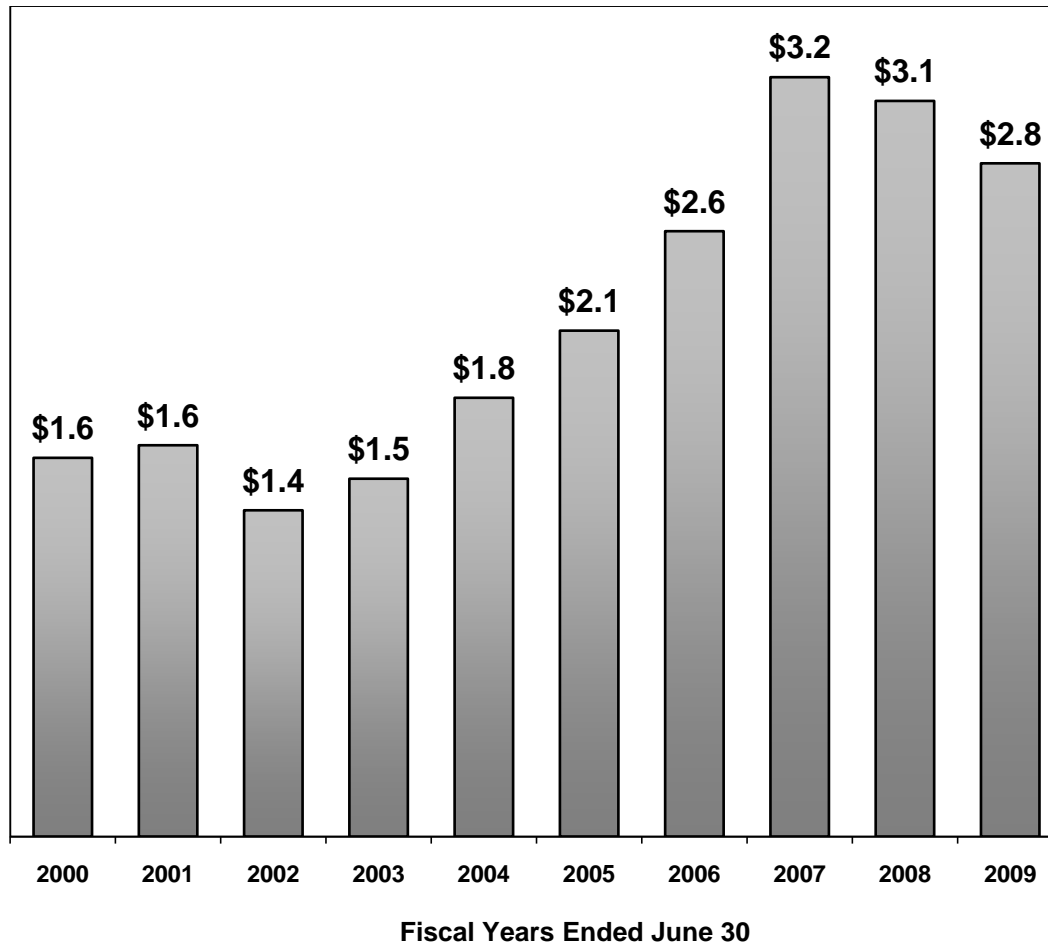


OF EMPLOYED PHYSICIANS



GROWTH OF UPMC'S INVESTMENT RESERVE PORTFOLIO

(Dollars In Billions)



- \$2.8 billion diversified portfolio provides for long-term sustainability.
- Funds not used for day-to-day operations.
- Value changes as market fluctuates.

UPMC LOOK-AHEAD

EXTERNAL FACTORS

- Economic recovery uncertain, unpredictable, long-term
- Economic conditions continue to lead to declining state and federal reimbursements
- Environment requires innovative planning and methods for health care delivery

UPMC RESPONSE

- Strong FY09 results based on management actions identified and taken in 2008
- Continue to pursue opportunities to integrate/consolidate functions
- Innovative approaches required to balance current health care delivery models with changing community needs

Continued weakness in the economy and new health care delivery/business model challenges represent an increasingly difficult balancing act; UPMC will continue to adapt to and “manage through” challenges

SUMMARY

- UPMC continues to grow and invest in the face of increasingly difficult economic conditions
- \$213* million operating income
- \$577* million operating EBIDA
- \$2.8 billion investment reserve portfolio
- Operating results and prudent fiscal management allow UPMC to continue to provide outstanding patient care and reinvest in the future of western Pennsylvania

* - Excludes one-time \$21 million separation expense

UPMC