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# UPMC

## **FIRST SIX MONTHS FISCAL YEAR 2009 FINANCIAL RESULTS**

*FEBRUARY 12, 2009*

# UPMC'S FINANCIAL PICTURE

- Operating income strong
- Operating EBIDA, or cash flow income, on target to exceed \$500 million
- Diversified investment reserve portfolio results reflect the overall market, but outperforms the S&P500
- Balance sheet impacted ... but still strong
  - AA credit rating maintained
  - Cash reserves provide cushion to help absorb economic shocks

## **RESULTS IN BRIEF:**

***\$103 million operating income / \$2.5 billion investment reserve portfolio***

# UPMC'S TWO BUSINESSES

## Operations

- Operating income of **\$103 million** used to run operations, fund capital expenditures and create new programs
  - Key drivers include admissions (↑10%), outpatient revenue (↑16%), physician revenue (↑ 14%) and UPMC Health Plan membership (↑ 9%)

**Current period performance ↑ 3%**

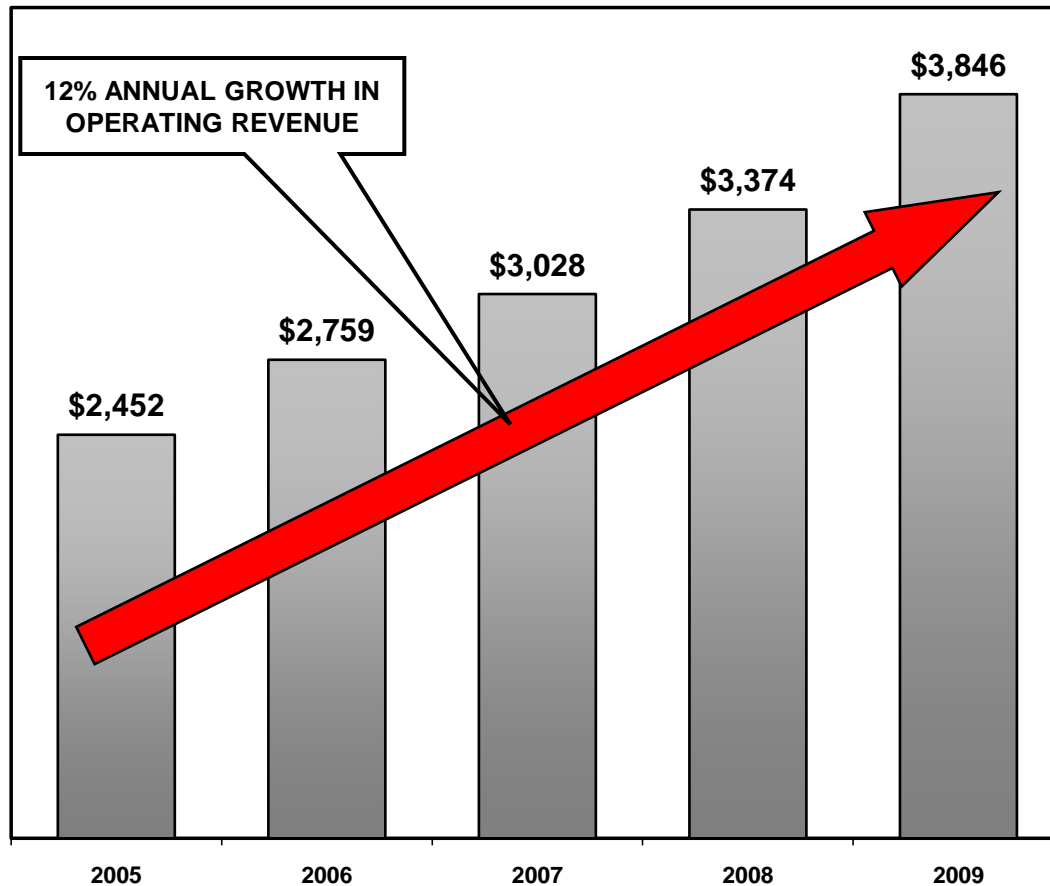
## Investment Reserve Portfolio

- **\$2.5 billion** investment reserve portfolio provides for long-term sustainability
  - Not used to fund day-to-day operations
  - Value rises and falls based on market conditions; calendar year 2008 returns for UPMC ↓24%, S&P500 ↓37%
  - Portfolio declined by \$786 million for the period, predominately an unrealized “paper” loss

**Current balance of \$2.5 billion**

# CONTINUED OPERATING REVENUE GROWTH

(Dollars In Millions)

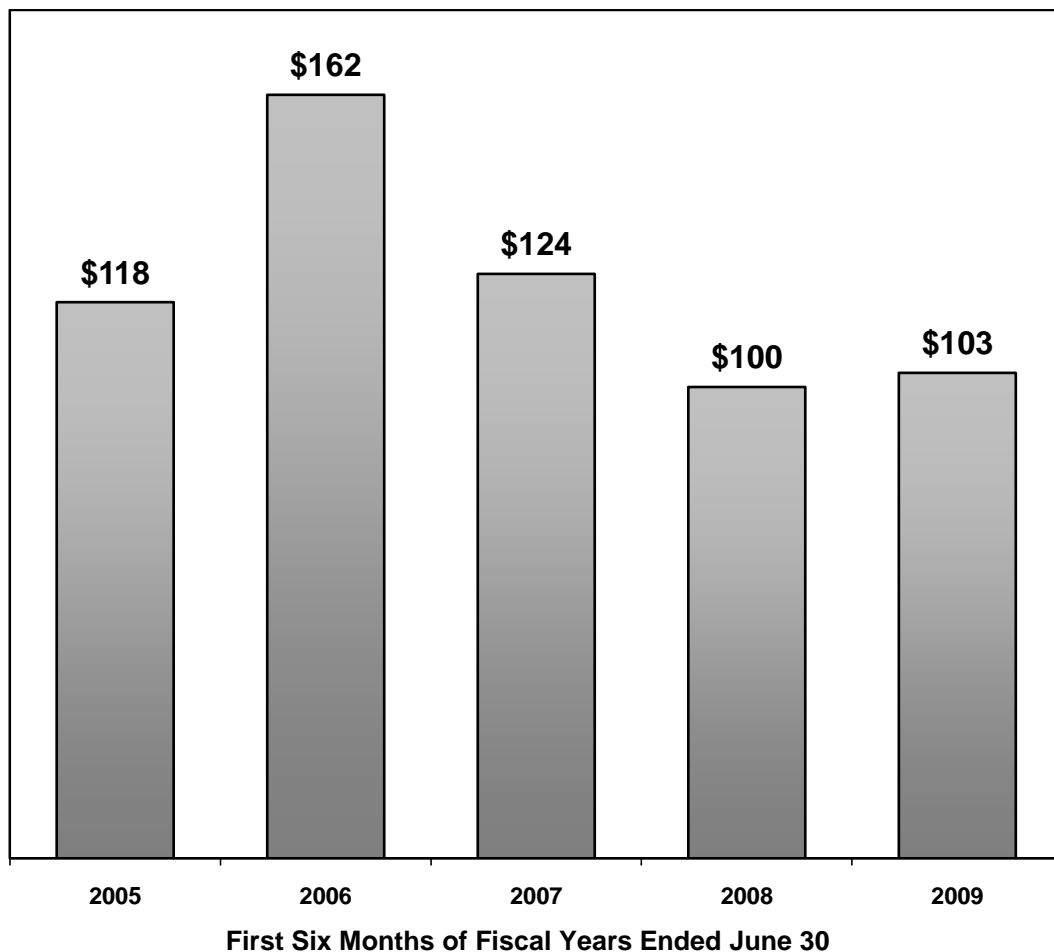


First Six Months of Fiscal Years Ended June 30

- UPMC's operating revenue has increased by 57% since 2005.
- 12% compound annual growth rate allows UPMC to pursue various growth and community initiatives.
- Revenue growth for FY09 consistent with trend.

# STRONG OPERATING INCOME

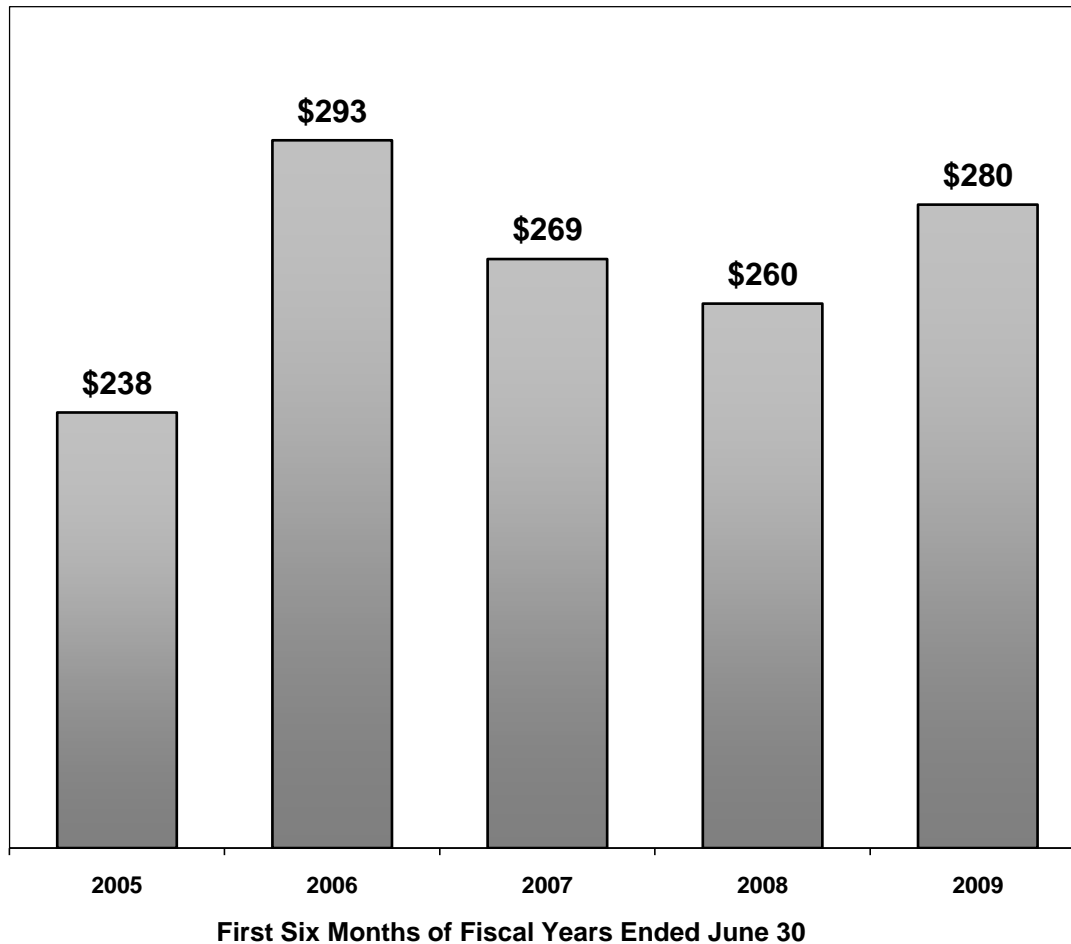
(Dollars In Millions)



- Operating income for First Half FY09 up slightly 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.

# OPERATING EBIDA ROBUST

(Dollars In Millions)

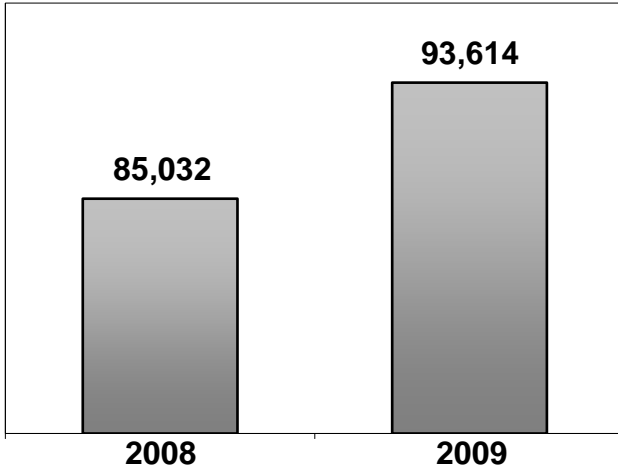


- On target for *fifth* consecutive fiscal year of \$500 million in operating EBIDA.
- Allows UPMC to reinvest in western Pennsylvania and fulfill its core mission of providing outstanding patient care while shaping tomorrow's health system.

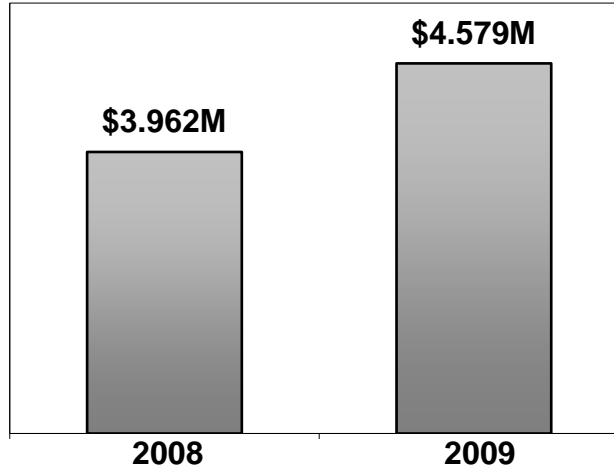
# KEY UPMC OPERATING METRICS

(First Six Months of Fiscal Years Ended June 30)

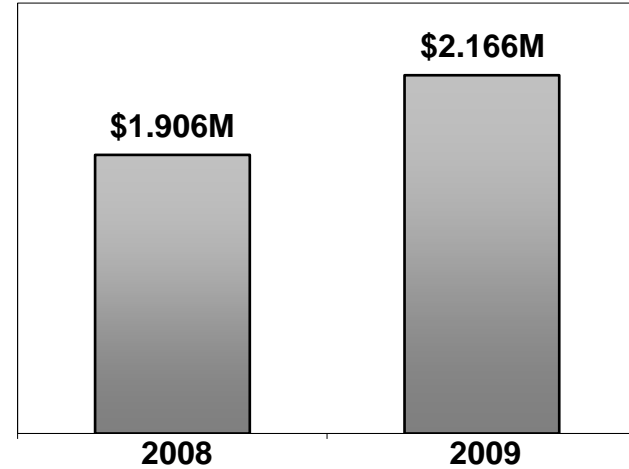
### TOTAL ADMISSIONS



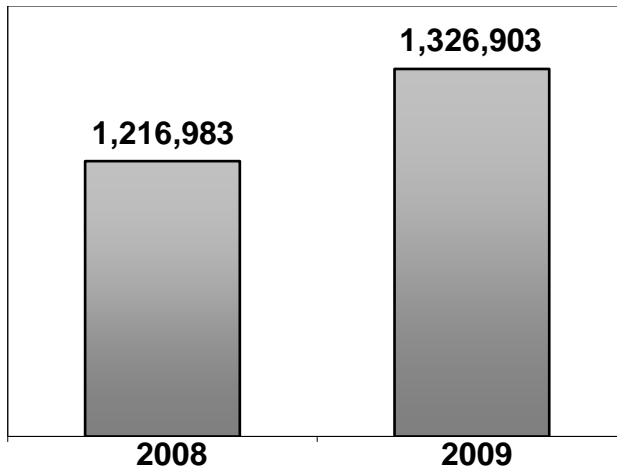
### OUTPATIENT REVENUE/WORKDAY



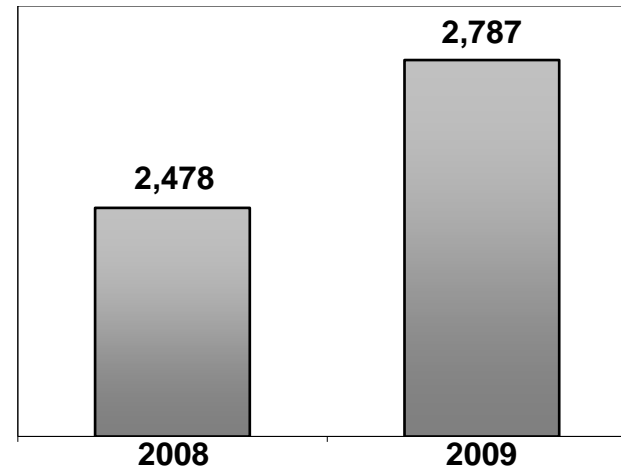
### PHYSICIAN SERVICE REVENUE/WEEKDAY



### UPMC HEALTH PLAN MEMBERSHIP

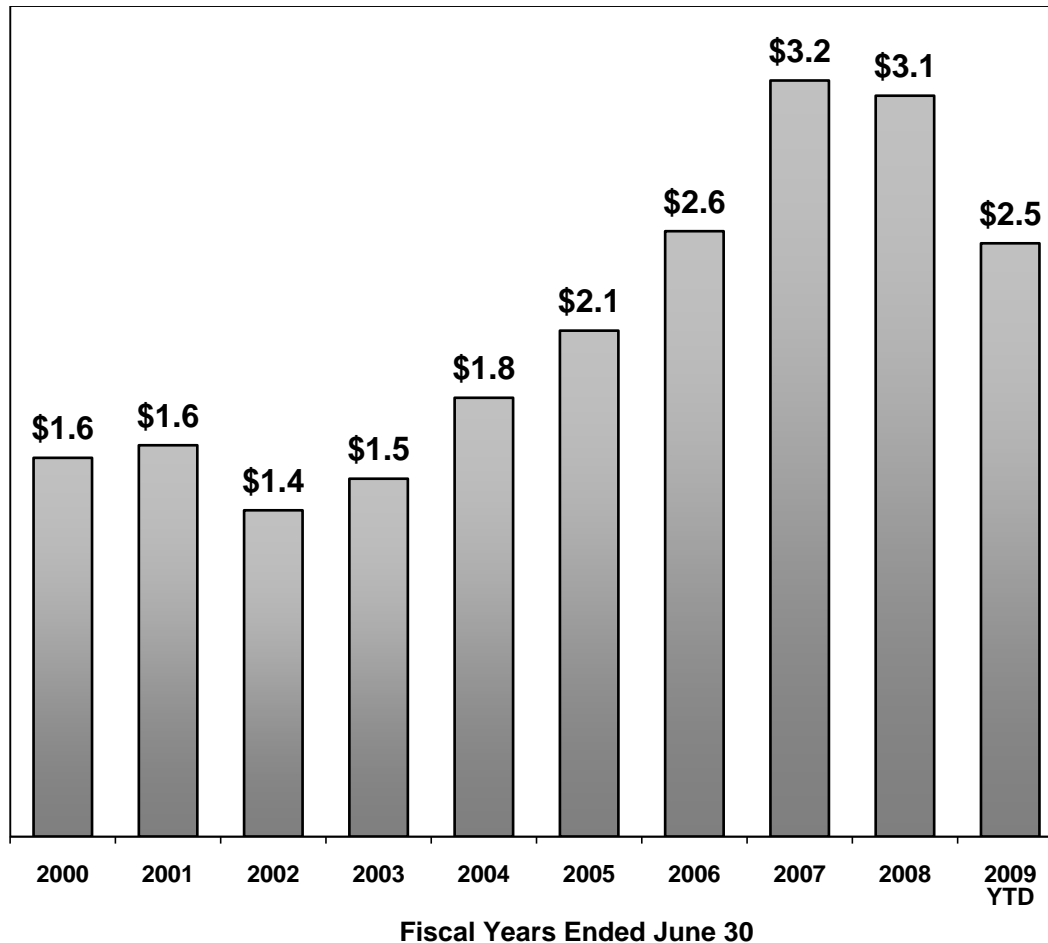


### # OF EMPLOYED PHYSICIANS



# GROWTH OF UPMC'S INVESTMENT RESERVE PORTFOLIO

(Dollars In Billions)



- \$2.5 billion diversified portfolio provides for long-term sustainability.
- Funds not used for day-to-day operations.
- Value changes as market fluctuates.

# UPMC'S REGIONAL IMPACT

Taxes And Voluntary Contributions Paid By UPMC (Business, Property, Parking)	\$17 million
Federal Taxes Paid By UPMC To Secure Future For Employees Living In Western Pennsylvania (Employer Portion of FICA)	\$145 million
Tax Revenues Resulting From UPMC Employment (State & Local Taxes Paid By UPMC Employees)	\$82 million
Pittsburgh Promise	\$11 million
Cost Of Uncompensated Care For Those Without Means To Pay And Shortfalls In Medicaid Programs	\$139 million
Value Of Community Service Programs And Support Of Other Nonprofit Organizations	\$71 million
Investment In Research And Educating Tomorrow's Health Professionals	\$237 million

***Total taxes paid by UPMC and its employees and other voluntary contributions to support western PA exceed half-a-billion dollars annually***

# SUMMARY

- UPMC continues to grow and invest
- \$103 million operating income
- \$280 million operating EBIDA; on track to exceed \$500 million for FY09
- \$2.5 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

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UPMC