UPMC’S FINANCIAL PICTURE

- Strong balance sheet allows UPMC to thrive as the region’s most preferred provider, best serving needs of patients and businesses
  - Expand top-ranked clinical care to meet increasing demand from more patients while operating efficiently
  - Provide affordable insurance choices and competition for the region, among the lowest costs in the nation
- $97 million net income
- The largest medical insurer in western PA with 3.4 million members
- Substantial reinvestment in the region and beyond
  - $222 million in capital spending and business investments to enhance quality and care

RESULTS IN BRIEF:
$92M operating income / $97M net income / $8.1B investment reserve portfolio
**UPMC’S FINANCIAL PICTURE**

### Operations
- Operating income of **$92 million** needed to run operations, fund capital expenditures and create new programs
  - UPMC Insurance Plan membership **↑8%**
  - Outpatient revenue **↑35%**
  - Admissions & observations **↑22%**
  - Physician revenue **↑11%**

### Investment Reserve Portfolio
- **$8.1 billion** cash and investments provides for long-term sustainability
  - Value rises and falls based on market conditions
  - Calendar year return for UPMC **↑0.7%**
<table>
<thead>
<tr>
<th></th>
<th>2017 (Dollars in Millions)</th>
<th>2018 (Dollars in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td>$3,733</td>
<td>$4,580</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>$72</td>
<td>$92</td>
</tr>
<tr>
<td>OPERATING EBIDA</td>
<td>$199</td>
<td>$245</td>
</tr>
</tbody>
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UNIQUE POSITION OF EXCELLENCE IN EVERY HEALTH CARE SECTOR

**Top Quality Clinical Care Provider**
- U.S. News & World Report - Honor Roll of Best Hospitals in the U.S.
  - #14 Best Hospital
  - #9 Best Children’s Hospital
- 4,600 employed physicians

**Cutting-Edge Academic Medical Center**
- #5 in NIH grants with $513M for research with Pitt
- One of largest programs in U.S. with 1,800 residents and fellows

**Fastest Growing Insurance Services**
- 2nd largest provider-owned Health Plan nationally
- Largest medical insurer in western PA
  - 3.4 million members
- #1 in commercial member satisfaction in Pennsylvania – J.D. Power
- NCQA “Excellent” rating

**Large International Footprint**
- Exporting clinical excellence
  - 20-year anniversary of ISMETT transplant hospital in Italy
  - Unmatched network of cancer centers overseas

**Entrepreneurial & Business Enterprises**
- TRANSLATIONAL SCIENCE
  - Immune Transplant & Therapy Center attracting world-class talent
- DIGITAL INNOVATION
  - Microsoft partnership — A.I. and cloud computing to empower physicians and patients
  - IT – “Most Wired”
- Evolent Health IPO valued >$1 billion