**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 choice and competition for the region, among the lowest costs in the nation

- The largest medical insurer in western PA with more than 3.2 million members

- $901 million net income

- Substantial reinvestment in the region and beyond
  - $168 million in capital spending and business investments to enhance quality and care

- $107 million pension contribution protects employees’ retirement plans
  - Fully funded based on ERISA funding rules

**Results in Brief:**

$62M operating income / $901M net income / $7B investment reserve portfolio
UPMC’S FINANCIAL PICTURE

**Operations**
- Operating income of **$62 million** needed to run operations, fund capital expenditures and create new programs
  - Outpatient revenue ↑31%
  - Admissions & observations ↑15%
  - Physician revenue ↑13%
  - UPMC Health Plan membership ↑7%

**Investment Reserve Portfolio**
- **$7 billion** cash and investments provides for long-term sustainability
  - Value rises and falls based on market conditions
  - Fiscal year return for UPMC ↑3.1%
UPMC OPERATING RESULTS
First Three Months of Fiscal Years Ended June 30 (Dollars in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td>$3,379</td>
<td>$3,872</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>$60</td>
<td>$62</td>
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<tr>
<td>OPERATING EBIDA</td>
<td>$175</td>
<td>$198</td>
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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
- More than 4,000 employed physicians

Fastest Growing Insurance Services
- 2nd largest provider-owned Health Plan nationally
- Largest medical insurer in western PA
  - More than 3.2 million members
- #1 in quality and satisfaction

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

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