Strong balance sheet allows UPMC to meet the needs of western Pennsylvania
- Efficiently run operations
- Provide high-quality clinical excellence
- Fund capital expenditures
- Create new programs to improve patient care

UPMC Health Plan membership up 16%; now exceeds 2.1 million

Substantial reinvestment in western Pennsylvania
- $394 million in capital spending and business investments

**RESULTS IN BRIEF:**
$146M operating income / $417M net income / $4.0B investment reserve portfolio
**UPMC’S TWO BUSINESSES**

**Operations**

- Operating income of **$146 million** needed to run operations, fund capital expenditures and create new programs
  - UPMC Health Plan membership ↑16%
  - Physician revenue ↑6%
  - Outpatient revenue ↑4%
  - Inpatient volume ↑4%

**Investment Reserve Portfolio**

- **$4.0 billion** investment reserve portfolio provides for long-term sustainability
  - Value rises and falls based on market conditions
  - Fiscal year-to-date return for UPMC ↑9.4%
UPMC’s operating revenue has increased by 34% since 2009.

8% compound annual growth rate allows UPMC to pursue various growth and community initiatives.
Results continue to reflect restructuring of the healthcare market:
- Lower government reimbursement
- “Supra-competitive” insurance market emerging in the region
- Insurance companies ratcheting down utilization

UPMC best-positioned for future success by continuing to:
- Invest in world-class patient care
- Improve administrative efficiencies to realize economies of scale

* Excludes non-recurring asset impairments and separation expenses in the period incurred

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income (Dollars In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$154</td>
</tr>
<tr>
<td>2010</td>
<td>$179</td>
</tr>
<tr>
<td>2011</td>
<td>$313</td>
</tr>
<tr>
<td>2012</td>
<td>$290</td>
</tr>
<tr>
<td>2013</td>
<td>$146</td>
</tr>
</tbody>
</table>

First Nine Months of Fiscal Years Ended June 30
Consistently achieving income levels necessary to run operations, fund capital expenditures and create new programs for the residents of western Pennsylvania.

On target to exceed $600 million for fourth consecutive year.

First Nine Months of Fiscal Years Ended June 30

* - Excludes non-recurring asset impairments and separation expenses in the period incurred
UPMC OPERATING METRICS
(First Nine Months of Fiscal Years Ended June 30)

TOTAL ADMISSIONS & OBSERVATIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>189,815</td>
<td>197,164</td>
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</tbody>
</table>

OUTPATIENT REVENUE/WORKDAY

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$7.378M</td>
<td>$7.652M</td>
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</table>

PHYSICIAN SERVICE REVENUE/WEEKDAY

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$4.305M</td>
<td>$4.546M</td>
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</table>

UPMC HEALTH PLAN MEMBERSHIP

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,811,785</td>
<td>2,103,164</td>
</tr>
</tbody>
</table>

# OF EMPLOYED PHYSICIANS

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3,266</td>
<td>3,394</td>
</tr>
</tbody>
</table>
- $4.0 billion diversified portfolio provides for long-term sustainability
- Value changes as market fluctuates
- YTD FY13 income of $263M compared to ($50M) loss for YTD FY12
ICSD: BENEFITS TO WESTERN PA

- Promotes development of new methods and technologies that make UPMC more effective and efficient

- Provides new source of revenue to support health care and research in western Pennsylvania
  - Generated nearly $400 million for reinvestment in our communities

- Aids recruitment and retention of best and brightest clinicians and staff
  - Supported addition of more than 1,300 jobs in Pittsburgh area

- Enhances UPMC’s global reputation for clinical excellence and innovative models of care delivery

- $60 MILLION
  Profit from care provided to patients in other countries.

- $153 MILLION
  Profits from commercial companies ICSD invests in or as a result of the sale of mature companies.

- $92 MILLION
  Commercial activities promoting R&D investment in the region.

- $75 MILLION
  Revenue from care that UPMC provides to international patients who travel to western Pennsylvania.

- $6 MILLION
  Includes $5 million in corporate taxes paid to local governments as a result of ICSD initiatives and $1 million in donations made to Pittsburgh-based international charities and groups such as One Young World, American Ireland Fund and others.

Time period FY2009-2013. FY2013 is estimated based on current YTD information.
COMMERCIALIZING OUR INTELLECTUAL CAPITAL

- UPMC partnered with dbMotion in 2006 to use and develop its interoperability solution to integrate electronic medical records
  - UPMC invested in dbMotion and agreed to joint development effort
  - dbMotion moved its U.S. headquarters to Pittsburgh

- Sale of dbMotion to Allscripts in March 2013 validates UPMC strategy of partnering with industry innovators to commercialize our expertise

- dbMotion's interoperability platform continues to improve delivery of care at UPMC and provides critical solution for other health care providers and health information exchanges

- Proceeds of sale boost operating income in latest period by $53 million
UPMC Advisory Services focuses on consultative relationships with international and domestic partners to offer:

- Know-how and experience based on successfully addressing similar challenges in our own health system
- Focused expertise in oncology, pediatrics, information technology and health security
- Shorter-term engagements to share intellectual capital, with potential to expand
- Connection to global network of partners, accelerating innovation
1. Financially strong, “Aa3” credit-rated, provider-driven IDFS
2. Excellence in service and quality continues to attract patients; growing share despite contraction of market
3. Growing UPMC Health Plan; all products ranked in the top 10% of health plans nationally for customer service
4. State-of-the-art facilities
5. Leaders in the deployment of electronic health records; 90% at HIMSS Stage 6 or higher in implementation
6. Highly integrated back-office functions uncommon in healthcare
7. More than 3,300 employed physicians
8. Extending footprint with Altoona affiliation
9. Developing new sources of revenue by commercializing clinical/Health Plan expertise and pursuing international/corporate strategic alliances
10. Reinvesting to advance good science, smart technology and accountable patient care