UPMC Unaudited Financial and Operating Report

FOR THE PERIOD ENDED JUNE 30, 2025

UPMC
LIFE CHANGING MEDICINE

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TABLE OF CONTENTS

The following financial data as of June 30, 2025 and for the three and six month periods ended June 30, 2025 and 2024 is derived from the interim condensed consolidated financial statements of UPMC. The interim condensed consolidated financial statements include all adjustments consisting of a normal recurring nature that UPMC considers necessary for a fair presentation of its financial position and the results of operations for these periods. The financial information as of December 31, 2024 is derived from UPMC's audited consolidated financial statements. Operating and financial results reported herein are not necessarily indicative of the results that may be expected for any future periods.

The information contained herein is being filed by UPMC for the purpose of complying with its obligations under Continuing Disclosure Agreements entered into in connection with the issuance of the series of bonds listed herein and disclosure and compliance obligations in connection with various banking arrangements. Digital Assurance Certification, L.L.C., as Dissemination Agent, has not participated in the preparation of this Unaudited Financial and Operating Report, has not examined its contents and makes no representations concerning the accuracy and completeness of the information contained herein.

UPMC LIFE CHANGING MEDICINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2025

UPMC, doing business as the University of Pittsburgh Medical Center, is one of the world's leading Integrated Delivery and Financing Systems ("IDFS"). UPMC is based in Pittsburgh, Pennsylvania and primarily serves residents across the Commonwealth of Pennsylvania, as well as western New York and northwestern Maryland. UPMC also draws patients for highly specialized services from across the nation and around the world. Closely affiliated with the University of Pittsburgh (the "University") and with shared academic and research objectives, UPMC works with the University's Schools of the Health Sciences to deliver outstanding patient care, train tomorrow's health care specialists and biomedical scientists, and conduct groundbreaking research on the causes and course of disease. UPMC's more than 40 hospitals and 800 clinical locations comprise one of the largest nonprofit health systems in the United States. UPMC serves patients and members across the continuum of health care with its hospitals; physician and homecare services; physical and behavioral health insurance product offerings; international operations and its Enterprises division.

UPMC is committed to providing high quality, cost-effective health care to its communities and its insurance members, while continuing to grow its business and execute on its mission of service. As part of this mission, UPMC continues to make significant investments in equipment, technology and operational strategies designed to improve clinical quality and to provide the best possible patient and member experience. Investments in operations and continued capital improvements are expected to become increasingly important as the competitive environment of the market and national changes to the industry continue to shift the landscape of health care. UPMC builds new facilities, makes strategic acquisitions and enters into joint venture arrangements or affiliations with health care businesses, in each case in communities where it believes its mission can be effectively utilized to improve the overall health of those communities.

As the stewards of UPMC's community assets, UPMC is guided by the core values of integrity, excellence, respect and teamwork. These values govern the manner in which UPMC serves its communities and are embedded in the execution and delivery of Life Changing Medicine. By continually evolving and refining UPMC's world-class financial processes, UPMC focuses on achieving optimal financial results that support the continued development of its organization, as well as ongoing investment in the future of the communities it serves. UPMC is committed to achieving these objectives with unyielding commitments to transparency in reporting and disclosure, enterprise-wide integration and ongoing process improvement.

The purpose of this section, Management's Discussion and Analysis ("MD&A"), is to provide a narrative explanation of UPMC's condensed consolidated financial statements that enhances the overall financial disclosures, to provide the context within which the financial information may be analyzed, and to provide information about the quality of, and potential variability of, UPMC's financial condition, results of operations and cash flows.

Unless otherwise indicated, all financial information included herein relates to UPMC's continuing operations, with dollar amounts expressed in millions (except for statistical information and as otherwise noted). MD&A should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Financial Results for the Six Months Ended June 30		2025		2024
Operating revenues	$	16,548	$	14,478
Operating income (loss) prior to restructuring costs*	$	379		(225)
Operating margin % prior to restructuring costs*		2.3%		(1.6)%
Operating income (loss)	$	349	$	(313)
Operating margin %		2.1%		(2.2)%
Operating margin % after income tax and interest expense		1.4%		(3.0)%
Gain from investing and financing activities	$	257	$	224
Excess of revenues over expenses attributable to controlling interest	$	477	$	16
Operating EBIDA	$	699	$	37
Capital expenditures	$	553	$	453
Reinvestment ratio		1.58		1.29

Selected Other Information as of		June 30, 2025		December 31, 2024
Total cash and investments	$	8,735	$	8,893
Unrestricted cash and investments	$	7,308	$	7,526
Unrestricted cash and investments over long-term debt	$	752	$	1,067
Days of cash on hand**		83		93
Days in net accounts receivable		44		41
Average age of plant (in years)		11.5		11.4

**Excludes $30 million and $88 million of restructuring costs for the six months ended June 30, 2025 and June 30, 2024, respectively.*

***Excludes $30 million and $128 million of restructuring costs for the six months ended June 30, 2025 and year ended December 31, 2024, respectively.*

Operating income, prior to restructuring costs, increased by $604 million for the six months ended June 30, 2025 when compared to the prior year. This increase in operating results was primarily driven by Health Services increased inpatient and outpatient hospital volumes and improved underwriting margin in the Insurance Services Division. Further strides were made in reducing operational expenses from ongoing efficiency measures, continuing a strong improvement from prior year. UPMC continues to have a long-term perspective with regard to its investment activities. As of June 30, 2025, UPMC had more than $8.7 billion of cash and investments, of which approximately $2.4 billion was held by UPMC's regulated health and captive insurance companies.

BUSINESS HIGHLIGHTS

Expanding Access to Health Care

In May of 2025, Daniel G. and Carole L. Kamin and the Kamin Family Foundation finalized a pledge of a $65 million gift to UPMC Presbyterian that will further UPMC's mission of delivering life changing medicine and pioneering innovative treatments that transform patient care. In appreciation for the Kamin family gift, their longtime support of the hospital and the Pittsburgh community, the new UPMC Presbyterian bed tower, currently under construction, will be named the Daniel G. and Carole L. Kamin Tower. The Kamins have been long-time supporters of UPMC both in philanthropy and volunteerism. They also supported the construction and opening of the UPMC Mercy Pavillion in 2023, where the reception lobby is named in their honor.

The Kamin Tower, a 636-bed facility adjacent to the current UPMC Presbyterian hospital, will feature leading-edge technologies and modern, private patient rooms with natural light, easier access to services like imaging, and shared spaces for loved ones. UPMC works with its academic partner, the University of Pittsburgh, to translate breakthrough science from the lab to the bedside and deliver it through exceptional patient care and compassionate experiences. Now approximately 70% complete, the tower is projected to open for patient care in early 2027.

In April 2025, UPMC Hillman Cancer in Mechanicsburg, Pa. began offering Cylinder High-Dose Rate Brachytherapy, an advanced internal radiation therapy, to reduce the recurrence of gynecological cancers. UPMC Hillman Cancer Center is the only health facility in Harrisburg to offer this service.

In April 2025, UPMC Jameson launched an adult intensive outpatient behavioral health program to complement its hospitalization program. The two approaches provide a higher level of care than outpatient therapy, offering a combination of structured therapy sessions multiple times a week, allowing patients to receive intensive treatment while maintaining their daily routines and responsibilities. The programs serve patients with depression, anxiety, panic disorder and other behavioral health issues.

In May 2025, UPMC and Warren County Chamber of Business & Industry announced expanded services at UPMC's outpatient center in Warren, Pa., including a long roster of on-site specialty providers from UPMC Hamot and UPMC Chautauqua. Also, to meet the growing demand for expert pediatric specialty care services in Erie, Pa., UPMC Children's Hospital of Pittsburgh opened a second specialty care center location in the community, the UPMC Children's Specialty Care Center Erie – Peach Street. This will complement inpatient care at the nine-bed pediatric unit at Hamot and the16-bed newborn nursery and 24-bed neonatal intensive care unit at UPMC Magee-Womens at Hamot.

In May 2025, UPMC Hillman Cancer Center and Independence Health System jointly announced the installation of a state-of-the-art, $6 million Elekta Versa HD linear accelerator at Butler Memorial Hospital. This advanced technology provides a more precise, image-guided radiation therapy delivered faster than currently available in Butler. In addition to increasing the number of patients treated daily, this improved technology will allow radiation oncologists to treat additional forms of cancer. The investment marks a major advancement in regional cancer care, offering residents of Butler and Clarion counties local access to sophisticated treatment options that were previously only available in larger metropolitan centers.

In May 2025, UPMC Washington expanded pediatric emergency care services in partnership with UPMC Children's Hospital of Pittsburgh, ensuring children and families have convenient access to specialty care while in the emergency department. UPMC Washington providers can now easily consult with pediatric emergency medicine physicians at UPMC Children's in Pittsburgh 24 hours a day, 365 days a year. This also enables pediatric patients to seamlessly connect with more than 400 physicians across 33 subspecialties at UPMC Children's for any needed follow-up appointments before the patient and parent leave UPMC Washington's emergency department. The partnership builds upon the longstanding

collaboration between UPMC Washington and UPMC Children's, which began with opening the UPMC Children's Express Care at UPMC Washington in 2014, and UPMC Children's Specialty Care Center Washington in 2020.

In May 2025, UPMC Children's Hospital at UPMC Harrisburg expanded its critical care ground and air transport services focusing solely on neonatal and pediatric patients. It is the region's first dedicated NICU/PICU ambulance and transport team of specially trained neonatal and pediatric registered nurses and clinicians, providing a higher level of care for young patients during transport. Unlike regular ambulances, this transport is specially equipped and designed to create a controlled and stable environment for our youngest patients, including newborns, premature and critically ill infants. UPMC Children's in Harrisburg collaborates with Community LifeTeam EMS for ground transport and STAT MedEvac for air transport.

In June 2025, UPMC St. Margaret expanded men's health services at a newly renovated and expanded urology clinic on its campus. The new space streamlines a wide range of urologic services in one location, including elective sterilization, robotic urologic surgery and treatment of urinary systems, enlarged prostate, erectile dysfunction, kidney stones and urologic cancers. The two new cancer diagnostic procedures, transperineal prostate biopsies and prostate MRI, provide advanced and early detection, diagnosis and treatment planning for patients in the area.

In June 2025, UPMC Hillman Cancer Center in Central Pa. with the support of the UPMC Pinnacle Foundation launched the region's first Bispecific T-cell Engager ("BiTE") therapy. This innovative immunotherapy program represents a significant advancement offering renewed hope for treating small cell lung cancer and certain hematologic cancers, such as multiple myeloma and lymphoma. Prior to this program's establishment, local patients and families had to travel to Pittsburgh or to other larger cities for at least several weeks for treatment, creating financial, emotional and logistical challenges. UPMC Central PA Surgical Oncology at UPMC West Shore began offering a specialized treatment called hepatic arterial infusion ("HAI") pump therapy for patients living with either metastatic cancer to the liver or cancers arising in the liver. In clinical studies, HAI therapy was capable of more precisely targeting liver tumors, which can improve both patient eligibility for curative-intent surgery, as well as their overall survival. UPMC Heart and Vascular Institute in Central Pa. began offering new procedures for patients with hard-to-treat high blood pressure that previously was only available to local patients only through clinical trials. The new treatment, renal denervation, is meant to lower blood pressure in those with resistant hypertension.

Driving Health Care Innovation

In April 2025, in partnership with scientists specializing in infectious diseases from the University of Pittsburgh, UPMC published the study results of a new infection disease detection platform. The platform was tested at UPMC Presbyterian Hospital over a two-year period. The analysis, published in the journal Clinical Infectious Diseases, showed that the Enhanced Detection System for Healthcare-Associated Transmission ("EDS-HAT") prevented 62 infections and five deaths and it netted savings of nearly $700 thousand in infection treatment costs. EDS-HAT takes advantage of increasingly affordable genomic sequencing to analyze infectious disease samples from patients. When the sequencing detects that any two or more patients have near-identical strains of an infection, it flags the results for the hospital's infection prevention team to find the commonality and stop the transmission.

In April 2025, the Heart and Vascular Institute ("HVI") at UPMC Central Pa. became the first site in Pennsylvania to perform a valve-in-valve transcatheter aortic valve replacement ("TAVR") procedure using a new US Food and Drug Administration ("FDA") approved device, ShortCut™, for patients at risk of coronary obstruction. Managing aortic stenosis throughout a patient's lifetime requires innovative solutions to reduce the risk of coronary obstruction before valve implantation. As the incidence of aortic stenosis continues to rise, this device could offer valuable new treatment options for both physicians and patients. In 2023, HVI at UPMC Central Pa. became the first site in Pennsylvania to use the ShortCut device as part of a clinical trial. That study's data led to FDA approval of the device. The first patient to receive the FDA-approved ShortCut

at UPMC Harrisburg was referred by doctors at UPMC Hamot's valve clinic in Erie, showing how UPMC's wide hospital network enhances patient outcomes with collaboration and resource sharing amongst its hospitals.

Expanding Access to Health Care in Europe

In May 2025, UPMC and Vhi, the leading private health insurer in Ireland, announced a first-of-its-kind payor-provider partnership to deliver faster, integrated orthopedic care. Through this collaboration, Vhi members have improved access to expert treatment at UPMC Sports Surgery Clinic in Dublin and across UPMC's network of Sports Medicine Clinic sites nationwide. Also in Ireland, UPMC and Bon Secours Health System broke ground on a new joint venture cancer center in Limerick. The center will bring advanced oncology services closer to patients in the Midwest Ireland region and will mark continued growth of the UPMC Hillman Cancer Center network across Europe.

In Italy, preparations are underway for a new Magnetic Resonance Guided Linear Accelerator at UPMC Hillman Cancer Center at San Pietro in Rome, which will be the first site in the global UPMC Hillman network to offer treatment with the next-generation radiation therapy that combines real-time magnetic resonance imaging with precise cancer targeting. It is expected to be operational by the fall of 2025.

Driving Quality in Health Care

At the Hospital Association of Pennsylvania ("HAP") Leadership Summit in May 2025, UPMC was honored with two HAP Achievement Awards for significant improvements in patient care and innovation. UPMC Magee-Womens Hospital earned the Excellence in Care Award for improving the way early-onset sepsis is handled in newborns across the 15 UPMC birth centers; and UPMC Western Psychiatric Hospital was recognized for expanding access to perinatal mental health services through an effective multi-faceted, multidisciplinary approach.

In May 2025, all three of UPMC Hamot's intensive care units received the prestigious Beacon Awards for Excellence from the American Association of Critical-Care Nurses, signifying exceptional care that puts patients first with a positive and supportive work environment for nurses, fostering greater collaboration, higher morale and lower staff turnover. UPMC Hamot's Medical ICU and the Trauma-Neuro ICU received the Silver-Level Beacon Award for Excellence, while the Cardiovascular ICU received the Gold-Level Beacon Award for Excellence.

In June 2025, UPMC Hanover was recognized with four gold designations for its excellence in quality improvement initiatives focusing on maternal care by the Pennsylvania Perinatal Quality Collaborative. A gold designation signifies a hospital's proven commitment to health equity and patient voice in their quality improvement work.

In June 2025, the UPMC Heart and Vascular Institute in Central Pa. was awarded the highest possible rating of three stars by the Society of Thoracic Surgeons in four out of six total categories for patient care and outcomes. Maintaining a three-star rating in various categories for the past decade places UPMC HVI in Central Pa. among the elite for adult cardiac surgery in the U.S. and Canada.

Serving Our Members

In May of 2025, UPMC Health Plan was ranked #1 in Pennsylvania for Commercial Health Plan Member Satisfaction by J.D. Power. The study performed by J.D. Power measures satisfaction among members of 147 health plans in 22 regions throughout the United States. For the second year in a row, UPMC Health Plan received the highest scores in Pennsylvania in seven of the eight dimensions, which include trust, digital channels, ease of doing business, savings of time and money, product offerings, people and resolving problems or complaints.

Construction of the new UPMC Health Plan Neighborhood Center in Erie was completed, and the facility officially opened in July 2025. UPMC Health Plan Neighborhood Centers address health-related social needs such as food, housing, transportation, and employment, furthering UPMC's mission to integrate social care into healthcare delivery. This expansion reflects UPMC Health Plan's broader strategy to integrate social care into healthcare delivery, which is increasingly recognized as essential for improving outcomes and reducing costs.

UPMC Magee-Womens Hospital

On August 22, 2025, following months of effort by the Service Employees International Union ("SEIU") to unionize nurses at UPMC Magee-Womens Hospital, 707 nurses completed the voting process, resulting in a majority favoring union representation. UPMC remains committed to fostering a collaborative work environment focused on providing exceptional care for our patients.

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Six Months Ended June 30, 2025 Revenues:	Health Services	Insurance Services	Eliminations	Consolidated
Net patient service revenue	$ 8,407	$ -	$ (1,992)	$ 6,415
Insurance enrollment revenue	-	8,737	-	8.737
Other revenue	919	523	(46)	1,396
Total operating revenues	$ 9,326	$ 9,260	$ (2,038)	$ 16,548
Expenses:				
Salaries, professional fees and benefits	$ 4,834	$ 319	$ (40)	$ 5,113
Insurance claims expense	-	8,281	(1,970)	6,311
Supplies, purchased services and general	3,882	541	(28)	4,395
Depreciation and amortization	347	3	-	350
Total operating expenses	9,063	9,144	(2,038)	16,169
Operating income prior to restructuring costs	$ 263	$ 116	$ -	$ 379
Restructuring costs	20	10	-	30
Operating income	$ 243	$ 106	$ -	$ 349
Operating margin %	2.6%	1.1%	-	2.1%
Operating margin % (including income tax and interest expense)	1.3%	1.1%	-	1.4%
Operating EBIDA	$ 590	$ 109	$ -	$ 699
Operating EBIDA %	6.3%	1.2%	-	4.2%

Six Months Ended June 30, 2024 Revenues:				
Net patient service revenue	$ 7,704	$ -	$ (1,774)	$ 5,930
Insurance enrollment revenue	-	7,441	-	7,441
Other revenue	736	417	(46)	1,107
Total operating revenues	$ 8,440	$ 7,858	$ (1,820)	$ 14,478
Expenses:				
Salaries, professional fees and benefits	$ 4,612	$ 333	$ (43)	$ 4,902
Insurance claims expense	-	7,234	(1,751)	5,483
Supplies, purchased services and general	3,503	491	(26)	3,968
Depreciation and amortization	347	3	-	350
Total operating expenses	8,462	8,061	(1,820)	14,703
Operating loss prior to restructuring costs	(22)	(203)	-	(225)
Restructuring costs	65	23	-	88
Operating loss	$ (87)	$ (226)	-	$ (313)
Operating margin %	(1.0)%	(2.9)%	-	(2.2)%
Operating margin % (including income tax and interest expense)	(2.5)%	(2.9)%	-	(3.0)%
Operating EBIDA	$ 260	$ (223)	-	$ 37
Operating EBIDA %	3.1%	(2.8)%	-	0.3%

Health Services

UPMC Health Services division ("Health Services") includes a comprehensive array of clinical capabilities consisting of hospitals, specialty service lines (e.g., transplantation services, woman care, behavioral health, pediatrics, cancer care and rehabilitation services), contract services (emergency medicine, pharmacy and laboratory) and approximately 5,200 employed physicians with associated practices. Also included within Health Services are supporting foundations and UPMC's captive insurance programs. Hospital activity is monitored in four distinct groups: (i) academic hospitals that provide a comprehensive array of clinical services that include the specialty service lines listed above and serve as the primary academic and teaching centers for UPMC and are located in Pittsburgh; (ii) community hospitals that provide core clinical services mainly to the suburban Pittsburgh marketplace; (iii) regional hospitals that provide core clinical services to certain other areas of western (including Erie), and central (including Williamsport and Harrisburg) Pennsylvania, as well as western New York and northwestern Maryland; and (iv) pre- and post-acute care capabilities that include: UPMC HomeCare, a network of home health services, and UPMC Senior Communities, the facilities of which provide a complete network of senior living capabilities in greater Pittsburgh and the surrounding counties.

Health Services also includes international activities, with locations across the globe, which extend UPMC's core mission and aim to bring new revenue streams into UPMC's domestic operations. In Italy, UPMC locations include ISMETT, a government-approved hospital for end-stage organ disease treatment and research, Salvator Mundi International Hospital in Rome and UPMC Hillman Cancer Centers in Rome, Sicily and Campania. In Ireland, UPMC has a network of four hospitals and two UPMC Hillman Cancer Centers across southeast Ireland, stretching from Cork to Dublin. In Croatia, UPMC has a UPMC Hillman Cancer Center in Zagreb. Other UPMC international ventures include a management service agreement in China.

Operating income for the Health Services Division, prior to restructuring costs, increased by $285 million during the six months ended June 30, 2025, when compared to the prior year. This increase is primarily due to improved patient volumes and continued operational efficiency efforts.

Insurance Services

UPMC holds various interests in health care financing initiatives and network care delivery operations that have more than 4.1 million members as of June 30, 2025. UPMC Health Plan is a health maintenance organization ("HMO") offering coverage for commercial and Medicare members. UPMC *for You*, also an HMO, is engaged in providing coverage to Medical Assistance & Medicare Special Needs Plan beneficiaries. UPMC Health Network offers preferred provider organization ("PPO") plan designs to serve Medicare beneficiaries. UPMC Health Options offers PPO plan designs to serve commercial beneficiaries. UPMC *for Life* is a Medicare product line offered by various companies within the Insurance Services division. UPMC *Workpartners* provides fully insured workers' compensation, integrated workers' compensation and disability services to employers. Community Care Behavioral Health Organization ("Community Care") is a state-licensed HMO that manages the behavioral health services for Medical Assistance through mandatory managed care programs in Pennsylvania. Community HealthChoices ("CHC") is Pennsylvania's managed care program for individuals who are dual eligible for Medicaid and Medicare or qualify for Medicaid Long Term Services and Supports ("LTSS") and is designed to increase opportunities for older Pennsylvanians and individuals with physical disabilities to remain in their homes and communities rather than in facilities.

Operating results for the Insurance Services Division, prior to restructuring costs, increased by $319 million during the six months ended June 30, 2025, when compared to the prior year. This increase is primarily attributable to improved underwriting margins for Medicaid, CHC, Community Care, and Medicare products.

UPMC Enterprises

As an organization dedicated to outstanding patient care, UPMC has defined a bold mission: to shape the future of health care through innovation. UPMC Enterprises helps bring this mission to life by transforming ideas into thriving businesses and Life Changing Medicine. UPMC Enterprises leverages UPMC's integrated delivery and financing system capabilities to generate new revenue streams by collaborating across UPMC, the University of Pittsburgh and Carnegie Mellon University, as well as health care entrepreneurs, companies and investors across the globe in all stages of commercial development, to bring to market new health care companies, technologies, and solutions. These ventures both support UPMC's core mission and help stimulate the economy within the communities it serves.

UPMC Enterprises manages a portfolio that includes various research and product development initiatives and numerous operating companies with commercially available products and services directed toward the improvement of the delivery of health care. UPMC Enterprises' results are classified as investing and financing activity in the consolidated statements of operations and changes in net assets, consistent with the long-term nature of developing and commercializing life sciences and technology-enabled initiatives. Due to the nature of UPMC Enterprises' investment activity, financial results can fluctuate between periods.

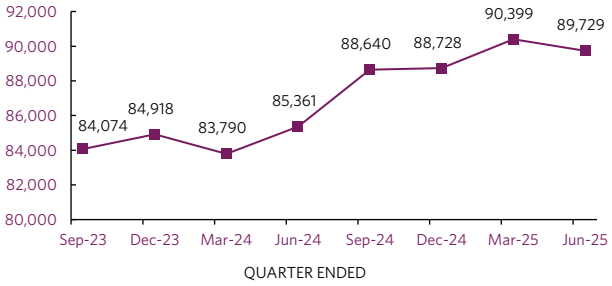
REVENUE METRICS – HEALTH SERVICES

Medical-Surgical Admissions and Observation Visits

Inpatient activity, as measured by medical-surgical admissions and observation visits at UPMC's hospitals for the six months ended June 30, 2025, increased 7% compared to the same period in 2024.

For the Six Months Ended June 30			
(in thousands)	**2025**	2024	Change
Academic	**56.8**	55.9	2%
Community	**24.8**	23.9	4%
Regional	**98.7**	89.4	10%
Total	**180.3**	169.2	7%

Quarter Ended

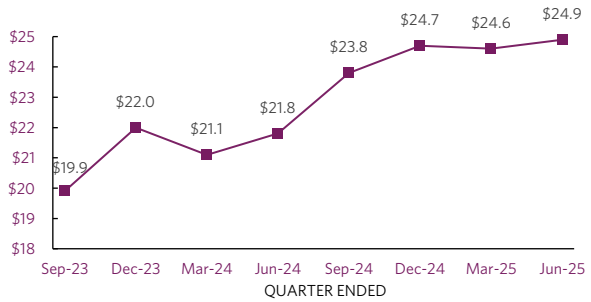


Outpatient Revenue per Workday

UPMC's outpatient activity for the six months ended June 30, 2025, as measured by average revenue per workday, increased 15% compared to the same period in 2024. Surgical demand, particularly in the outpatient setting, has increased as former inpatient services continue to move to outpatient. This, coupled with the increase in ambulatory patient volumes, has caused the increase to outpatient revenue per workday. Hospital outpatient activity is measured on an equivalent workday ("EWD") basis to adjust for weekend and holiday hours.

For the Six Months Ended June 30			
(in thousands)	**2025**	2024	Change
Academic	**$ 9,322**	$ 7,968	17%
Community	**2,378**	2,195	8%
Regional	**12,995**	11,300	15%
Total	**$ 24,695**	$ 21,463	15%

Quarterly Average (in millions)



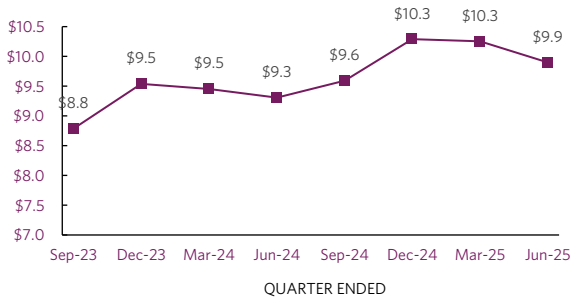
METRICS – HEALTH SERVICES (CONTINUED)

Physician Service Revenue per Weekday

UPMC's physician activity for the six months ended June 30, 2025, as measured by average revenue per weekday, increased 7% from the comparable period in 2024. Physician services activity is measured on a weekday basis.

For the Six Months Ended June 30			
(in thousands)	**2025**	2024	Change
Academic	**$ 4,286**	$ 4,049	6%
Community	**2,165**	2,006	8%
Regional	**3,539**	3.323	7%
Total	**$ 9,990**	$ 9,378	7%

Quarterly Average (in millions)



Sources of Patient Service Revenue

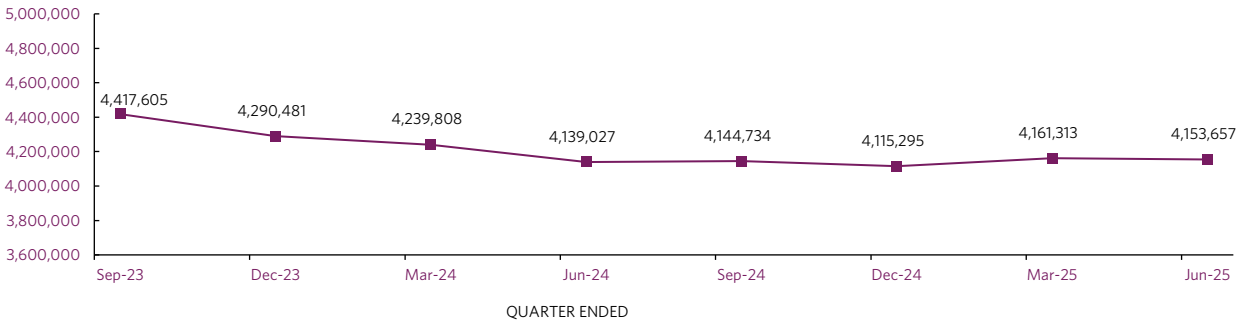
The gross patient service revenues of UPMC, before price concessions and intercompany eliminations, are derived from payers which reimburse or pay UPMC for the services it provides to patients covered by such payers. The following table is a summary of the percentage of the hospitals' gross patient service revenue by payer.

	Six Months Ended June 30	
	2025	2024
Medicare	**50%**	49%
Medical Assistance	**16%**	17%
Commercial Insurers	**16%**	16%
UPMC Insurance Services Commercial	**11%**	11%
Self-pay/Other	**7%**	7%
Total	**100%**	100%

OPERATING METRICS - INSURANCE SERVICES

Membership

Membership in the UPMC insurance Services division has remained consistent when compared to June 2024. Decreases prior to June 2024, related to the end of the COVID-19 public health emergency, were expected.

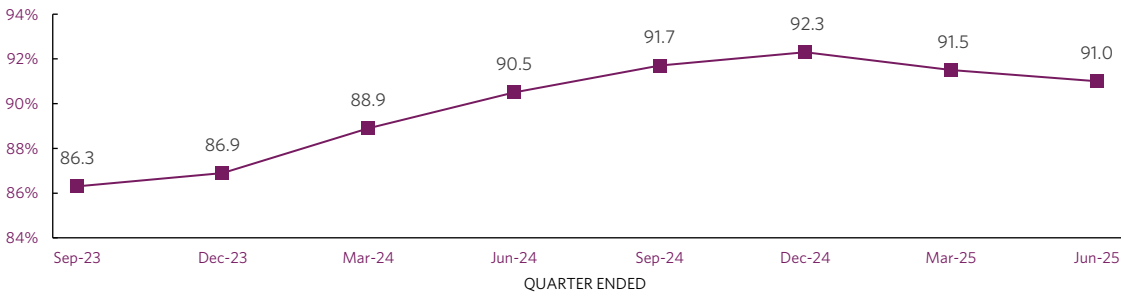


As of	**June 30, 2025**	June 30, 2024
Commercial Health	**557,294**	566,504
Medicare	**227,860**	218,521
Medical Assistance	**630,723**	630,216
Sub-Total Physical Health Products	**1,415,877**	1,415,241
Community HealthChoices	**136,273**	130,666
Behavioral Health	**1,201,682**	1,205,864
Sub-Total Health Products	**2,753,832**	2,751,771
Workpartners	**903,569**	884,425
Ancillary Products	**484,908**	488,720
Third-Party Administration	**11,348**	14,111
Total Membership	**4,153,657**	4,139,027

Medical Expense Ratio

UPMC Insurance Services' medical expense ratio ("MER") for the trailing twelve months has decreased to 91% as of June 30, 2025. Through Q2 of 2025, higher revenue within the Medicaid, CHC, Community Care and Medicare products, supported by improved Pennsylvania Department of Health Services ("DHS") rates, has contributed to the decline in MER. The chart below is revised quarterly to reflect updated estimates and actual medical claims for each period presented.

Trailing Twelve Months



MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2025

KEY FINANCIAL INDICATORS

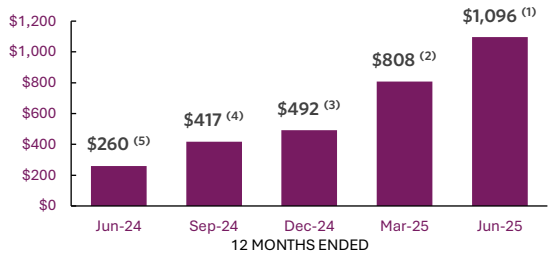
(Dollars in millions)

Operating Earnings before Interest, Depreciation and Amortization

Operating EBIDA, prior to restructuring costs, for the six months ended June 30, 2025 increased 483% compared to the six months ended June 30, 2024.

For the Six Months Ended June 30			
(in millions)	2025*	2024*	Change
Operating Income	$ 379	$ (225)	268%
Depreciation and Amortization	350	350	0%
Operating EBIDA	$ 729	$ 125	483%

Trailing Twelve Months Operating EBIDA

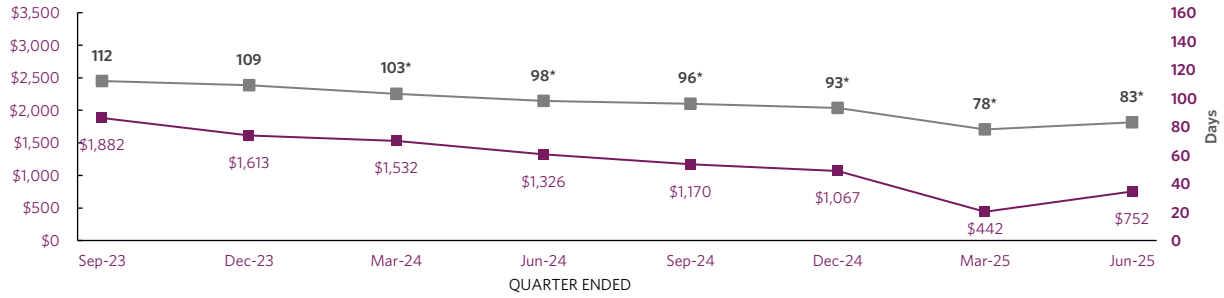


**Excludes restructuring costs of $30 million and $88 million for the periods ended June 30, 2025 and June 30, 2024, respectively.*

The trailing twelve months operating EBIDA excludes the following restructuring costs: (1) $70 million (2) $103 million (3) $128 million (4) $109 million and (5) $88 million.

Unrestricted Cash and Investments over Long Term Debt and Days Cash on Hand

As of June 30, 2025, unrestricted cash and investments over long term debt decreased $315 million compared to December 31, 2024. The decrease is primarily driven by significant increases in net receivables.

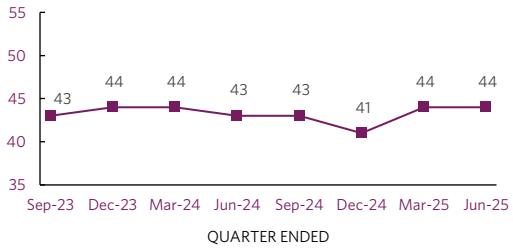


**Excludes restructuring costs of $40 million, $88 million, $109 million, $128 million, $15 million and $30 million for the periods ended March 31, 2024, June 30, 2024, September 30, 2024, December 31, 2024, March 31, 2025 and June 30, 2025, respectively.*

Days in Net Accounts Receivable

Days in net Accounts Receivable at June 30, 2025 and December 31, 2024 were 44 and 41, respectively. The increase to receivables is primarily due increases to insurance receivables driven by rate increases for government products and the timing of those payments.

By Receivable	June 2025 Balance	Days Jun 30, 2025	Days Dec 31, 2024
Patient	$ 1,719	46	47
Insurance enrollment and other	2,361	42	37
Consolidated	$ 4,080	44	41

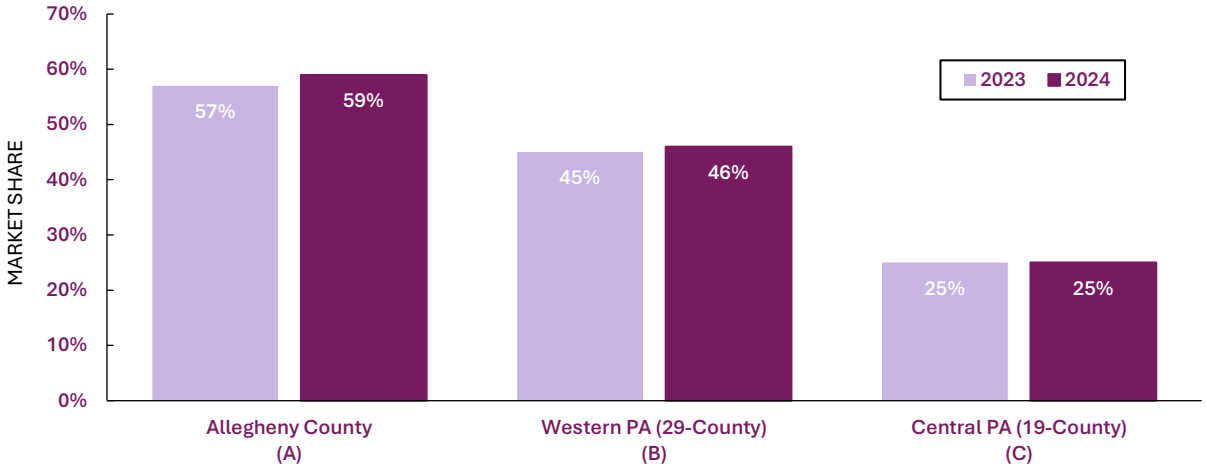


MARKET SHARE

The chart below shows the comparison of UPMC's estimated inpatient market share for calendar years 2023 and 2024[1] by service area[2]. This is the most recent market share data currently available.

UPMC INPATIENT MEDICAL-SURGICAL MARKET SHARE

AS OF DECEMBER 31[3]



(1) CY2024 is based on current system configuration. Washington Health System joined UPMC on June 1, 2024.
(2) UPMC's three service areas are (A) Allegheny County, (B) a 29-county region which also includes Armstrong, Beaver, Bedford, Blair, Butler, Cambria, Cameron, Centre, Clarion, Clearfield, Crawford, Elk, Erie, Fayette, Forest, Greene, Huntingdon, Indiana, Jefferson, Lawrence, McKean, Mercer, Potter, Somerset, Venango, Warren, Washington and Westmoreland counties, and (C) a 19-county region including Adams, Clinton, Columbia, Cumberland, Dauphin, Franklin, Fulton, Juniata, Lancaster, Lebanon, Lycoming, Mifflin, Montour, Northumberland, Perry, Snyder, Tioga, Union, and York counties.
(3) Excludes psychiatry and substance abuse discharges.

ASSET AND LIABILITY MANAGEMENT

As of June 30, 2025, the System's investment portfolio, excluding Enterprises and various restricted assets, utilized 166 external investment managers, including 25 traditional managers, 14 hedge fund managers and 48 private capital managers. The System is also invested with an additional 79 legacy private capital, hedge fund and traditional managers. The System's investment portfolio has a long-term perspective and has generated annualized returns of 9.6%, 8.3% and 7.8% for the trailing one-, three- and five-year periods, respectively, ending June 30, 2025. As of June 30, 2025, 71% of the System's investment portfolio could be liquidated within three days.

UPMC's cost of capital during the six-month period ended June 30, 2025 was 3.8%. This cost of capital includes the accrual of interest payments, the amortization of financing costs and original issue discount or premium, the ongoing costs of variable rate debt and the cash flow impact of derivative contracts. As of June 30, 2025, the interest rates on UPMC's long-term debt were approximately 87% fixed and 13% variable after giving effect to derivative contracts. Interest cost for the variable rate debt for the period averaged 4.0%. The interest cost for the fixed rate debt was 3.6%. UPMC's primary credit facility, which expires in May 2028, has a borrowing limit of $1 billion. As of June 30, 2025, UPMC had approximately $106 million in letters of credit outstanding under the credit facility, leaving $894 million available to fund operating and capital needs, none of which was drawn.

In support of the Insurance Services Division, UPMC has credit facilities of $350 million and $250 million, the latter of which temporarily decreases each year to $25 million from September 1st to April 30th. The credit facilities expire in May 2026 and May 2027, respectively. As of June 30, 2025, these credit facilities were undrawn.

During the six months ended June 30, 2025, UPMC issued the tax-exempt Series 2025A and 2025B bonds with par value of $372 million and $341 million, respectively. These bonds refunded certain indebtedness and funded capital projects.

The table below compares reported Investing and Financing Activity for the six months ended June 30, 2025 and 2024 by type.

Investing and Financing Activity by Type

Six Months Ended June 30	2025	2024
(in thousands)		
Realized gain	$ **51,439**	$ 377,357
Interest and dividends, net of fees	**95,419**	103,929
Realized investment gain	$ **146,858**	$ 481,286
Unrealized gain on derivative contracts	**31**	280
Unrealized investment gain (loss)	**250,617**	(110,568)
Investment gain	$ **397,506**	$ 370,998
Interest expense	**(112,038)**	(115,930)
Gain on extinguishment of debt	**11,886**	216
UPMC Enterprises activity	**(39,874)**	(30,979)
Gain from investing and financing activities	$ **257,480**	$ 224,305

Sources and Uses of Cash

UPMC's primary source of operating cash is the collection of revenues and related accounts receivable. As of June 30, 2025, UPMC had approximately $754 million of cash and cash equivalents.

Operating EBIDA, prior to restructuring costs, was $729 million for the six months ended June 30, 2025, compared to $125 million for the six months ended June 30, 2024. Key uses of cash for the six months ended June 30, 2025 include capital expenditures, net of disposals, of approximately $530 million (excluding any capital acquired through lease arrangements). Major capital projects included construction and improvements at UPMC Presbyterian, UPMC Central Pa. and UPMC North Central Pa., as well as ongoing expansion and improvement across the entirety of UPMC. Major information services projects include UPMC's implementation of a single electronic health record ("EHR") aimed at improving health data inoperability and streamlining patient care, enhancements that are advancing UPMC's leading clinician centric computing environment, technology infrastructure that supports UPMC's diversified digital environment, investments in enterprise data analytics and other technologies that are transforming the consumer experience across the spectrum of health care.

UTILIZATION STATISTICS

PERIOD ENDED JUNE 30, 2025

The following table presents selected consolidated statistical indicators of medical-surgical, psychiatric, rehabilitation and skilled nursing patient activity for the six months ended June 30, 2025 and 2024.

	Six Months Ended June 30	
	2025	2024
Licensed Beds	**7,916**	8,501
BEDS IN SERVICE		
Medical-Surgical	**5,175**	5,037
Psychiatric	**417**	426
Rehabilitation	**237**	242
Skilled Nursing	**562**	1,369
Total Beds in Service	**6,391**	7,074
PATIENT DAYS		
Medical-Surgical	**716,360**	667,124
Psychiatric	**59,829**	53,927
Rehabilitation	**34,125**	33,600
Skilled Nursing	**101,026**	174,102
Total Patient Days	**911,340**	928,753
Average Daily Census	**5,035**	5,103
Observation Days	**59,374**	80,595
Obs Average Daily Census	**328**	443
ADMISSIONS AND OBSERVATION CASES		
Medical-Surgical	**137,633**	122,341
Observation Cases	**42,691**	46,810
Subtotal	**180,324**	169.151
Psychiatric	**5,180**	4,848
Rehabilitation	**2,339**	2,263
Skilled Nursing	**1,045**	1,624
Total Admissions and Observation Cases	**188,888**	177,886
Overall Occupancy	**84%**	78%
AVERAGE LENGTH OF STAY		
Medical-Surgical	**5.2**	5.5
Psychiatric	**11.6**	11.1
Rehabilitation	**14.6**	14.8
Skilled Nursing	**96.7**	107.2
Overall Average Length of Stay	**6.2**	7.1
Emergency Room Visits	**556,433**	517,908
TRANSPLANTS (DOMESTIC AND INTERNATIONAL)		
Liver	**139**	149
Kidney	**193**	197
All Other	**215**	160
Total	**547**	506
OTHER POST-ACUTE METRICS		
Home Health Visits	**272,425**	260,486
Hospice Care Days	**128,785**	125,446
Outpatient Rehab Visits	**370,234**	368,578

**The statistical information for the six months ended 2025 includes the impact of the disposition of several skilled nursing facilities.*

OUTSTANDING DEBT

PERIOD ENDED JUNE 30, 2025
(DOLLARS IN THOUSANDS)

Issuer	Original Borrower	Series	Amount Outstanding
Allegheny County Hospital Development Authority	UPMC Health System	1997B	$ 27,678
	UPMC	2007A	22,613
	UPMC	2017D	378,720
	UPMC	2019A	667,907
	UPMC	2021B	39,879
Monroeville Finance Authority	UPMC	2012	39,823
	UPMC	2014B	40,035
	UPMC	2022B	167,292
	UPMC	2023C	36,808
Pennsylvania Economic Development Financing Authority	UPMC	2015B	103,644
	UPMC	2016	186,436
	UPMC	2017A	365,203
	UPMC	2017B	83,844
	UPMC	2017C	127,536
	UPMC	2020A	256,414
	UPMC	2021A	237,236
	UPMC	2022A	220,885
	UPMC	2023A	458,441
	UPMC	2023B	88,923
	UPMC	2023D	249,089
	UPMC	2025A	399,154
	UPMC	2025B	361,124
Tioga County Industrial Development Authority	Laurel Health System	2010	4,330
	Laurel Health System	2011	2,642
Dauphin County General Authority	Pinnacle Health System	2016A	83,007
	Pinnacle Health System	2016B	72,755
General Authority of Southcentral Pennsylvania	Hanover Hospital	2015	19,426
Potter County Hospital Authority	UPMC	2018A	5,114
Washington County Hospital Authority	The Washington Hospital	2020A	38,480
	The Washington Hospital	2020B	4,110
Maryland Health and Higher Educational Facilities Authority	UPMC	2020B	185,144
None	UPMC	2020 Term Loan	299,957
	UPMC	2021C	399,883
	UPMC	2023	796,016
	Somerset Management Services	2013	1,157
	Various	Financing Leases & Loans	298,880
		Swap Liabilities	125
Total UPMC Outstanding Debt			**$ 6,769,710**

Includes original issue discount and premium, Deferred Financing Costs and other.

Source: UPMC Records

DEBT COVENANT CALCULATIONS

PERIOD ENDED JUNE 30, 2025
(DOLLARS IN THOUSANDS)

DEBT SERVICE COVERAGE RATIO

UPMC is subject to a Debt Service Coverage Ratio covenant, tested annually at fiscal year-end, of 1.25x in various bank agreements and 1.10x in the 2007 MTI.

		Trailing Twelve-Month Period Ended June 30, 2025
Excess of revenues over expenses	$	446,508
ADJUSTED BY:		
Net Unrealized Gains during Period[1]		(216,079)
Depreciation and Amortization[1]		702,781
Gain on Extinguishment of Debt[1]		(11,886)
Premium Deficiency Reserve[1]		115,000
Release of Premium Deficiency Reserve[1]		(115,000)
Lease Impairment Realization – Facilities[2]		(11,052)
Interest Expense[3]		222,143
Revenues Available for Debt Service	$	1,132,415
Historical Debt Service Requirements - 2007 Master Trust Indenture ("MTI")	$	501,623
Debt Service Coverage Ratio – applicable to the 2007 MTI and various bank agreements		**2.26X**
For informational purposes:		
Historical Debt Service Requirements - All Debt and Finance Leases	$	555,399
Debt Service Coverage Ratio - All Debt and Finance Leases		2.04X

LIQUIDITY RATIO AS OF JUNE 30, 2025

UPMC is subject to a Liquidity Ratio covenant, tested annually at fiscal year-end, of 0.6x in various bank agreements and 0.5x in the 2007 MTI.

Unrestricted Cash and Investments	$	7,307,743
Master Trust Indenture Debt		6,217,763
Unrestricted Cash to MTI Debt		**1.18**

[1] *Non-Cash.*
[2] *Reflects ultimate realization of previously impaired cost-based investments.*
[3] *Includes only interest on long-term debt.*

I hereby certify to the best of my knowledge that, as of June 30, 2025, UPMC is in compliance with the applicable covenants contained in the financing documents for the bonds listed on the cover hereof and all applicable bank lines of credit and no Event of Default (as defined in any related financing document) has occurred and is continuing.

UPMC
J.C. Stilley
Senior Vice President & Treasurer,
Chief Investment Officer, UPMC

Unaudited Interim Condensed Consolidated Financial Statements

FOR THE PERIOD ENDED JUNE 30, 2025

Ernst & Young LLP
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Pittsburgh, PA 15222

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Shape the future with confidence

Review Report of Independent Auditors

To the Board of Directors of UPMC

Results of Review of Interim Financial Information

We have reviewed the condensed consolidated financial statements of UPMC (the Company), which comprise the condensed consolidated balance sheet as of June 30, 2025, and the related condensed consolidated statements of operations and changes in net assets for the three-month and six-month periods ended June 30, 2025 and 2024, and cash flows for the six-months periods ended June 30, 2025 and 2024 and the related notes (collectively referred to as the "interim financial information").

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of condensed interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Condensed Balance Sheet as of December 31, 2024

We have previously audited, in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended (not presented herein); and we expressed an unqualified audit opinion on those audited consolidated financial statements in our report dated March 4, 2025. In our opinion, the accompanying condensed consolidated balance sheet of the Company as of December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Ernst & Young LLP

August 28, 2025

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	As of June 30, 2025	December 31, 2024
CURRENT ASSETS		
Cash and cash equivalents	$ 753,669	$ 974,097
Patient accounts receivable	1,719,020	1,661,310
Insurance and other receivables	2,361,334	1,815,329
Other current assets	838,450	855,721
Total current assets	5,672,473	5,306,457
Board-designated, restricted, trusteed and other investments	7,981,435	7,918,918
Beneficial interests in foundations and trusts	812,120	801,970
Net property, buildings and equipment	7,206,623	6,997,814
Operating lease right-of-use assets	807,095	826,428
Other assets	879,304	915,148
Total assets	$ 23,359,050	$ 22,766,735
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 906,538	$ 954,456
Accrued salaries and related benefits	1,090,438	1,121,930
Current portion of insurance reserves	1,324,305	1,371,581
Current portion of long-term obligations	772,100	538,249
Other current liabilities	689,908	690,557
Total current liabilities	4,783,289	4,676,773
Long-term obligations	5,997,610	6,110,907
Long-term insurance reserves	513,346	470,580
Operating lease noncurrent liabilities	762,222	787,352
Other noncurrent liabilities	613,914	557,218
Total liabilities	12,670,381	12,602,830
Net assets without donor restrictions	9,328,266	8,829,099
Net assets with donor restrictions	1,360,403	1,334,806
Total net assets	10,688,669	10,163,905
Total liabilities and net assets	$ 23,359,050	$ 22,766,735

See accompanying notes

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(UNAUDITED)

(DOLLARS IN THOUSANDS)

	Six Months Ended June 30		Three Months Ended June 30	
	2025	2024	**2025**	2024
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net patient service revenue	**$ 6,415,267**	$ 5,929,597	**$ 3,217,389**	$ 3,028,942
Insurance enrollment revenue	**8,736,671**	7,441,221	**4,395,250**	3,701,095
Other revenue	**1,395,916**	1,107,488	**705,622**	610,193
Total operating revenues	**16,547,854**	14,478,306	**8,318,261**	7,340,230
Salaries, professional fees and employee benefits	**5,113,338**	4,901,854	**2,563,222**	2,417,694
Insurance claims expense	**6,310,698**	5,483,676	**3,194,804**	2,838,330
Supplies, purchased services and general	**4,394,746**	3,968,042	**2,258,717**	2,071,371
Depreciation and amortization	**350,437**	350,216	**175,330**	174,897
Total operating expenses	**16,169,219**	14,703,788	**8,192,073**	7,502,292
Operating income (loss) prior to restructuring costs	**378,635**	(225,482)	**126,188**	(162,062)
Restructuring costs	**(30,000)**	(87,800)	**(15,000)**	(48,200)
Operating income (loss)	**348,635**	(313,282)	**111,188**	(210,262)
Academic and research support provided	**(130,000)**	(126,500)	**(65,000)**	(63,250)
Inherent contribution	**-**	220,538	**-**	220,538
Income tax and other non-operating activities	**105**	10,859	**(1,284)**	6,941
After-tax income (loss)	**$ 218,740**	$ (208,385)	**$ 44,904**	$ (46,033)
Investing and financing activities:				
Investment gain	**397,506**	370,998	**365,900**	163,172
Interest expense	**(112,038)**	(115,930)	**(57,583)**	(58,469)
Gain on extinguishment of debt	**11,886**	216	**11,886**	216
UPMC Enterprises activity:				
Portfolio company revenue and net gains from sales	**91,123**	85,258	**60,203**	39,163
Portfolio company and research and development expense	**(130,997)**	(116,237)	**(59,253)**	(57,279)
Gains from investing and financing activities	**257,480**	224,305	**321,153**	86,803
Excess of revenues over expenses	**476,220**	15,920	**366,057**	40,770
Net activity attributable to noncontrolling interest	**779**	(117)	**(2,121)**	(601)
Excess of revenues over expenses attributable to controlling interest	**476,999**	15,803	**363,936**	40,169
Net change in pension liability and other	**22,168**	14,549	**26,581**	19,836
Change in net assets without donor restrictions	**499,167**	30,352	**390,517**	60,005
NET ASSETS WITH DONOR RESTRICTIONS				
Change in beneficial interests in foundations and trusts	**10,150**	2,937	**18,131**	(19,834)
Other changes in net assets with donor restrictions	**15,447**	57,577	**18,410**	47,557
Change in net assets with donor restrictions	**25,597**	60,514	**36,541**	27,723
Change in total net assets	**524,764**	90,866	**427,058**	87,728
Net assets, beginning of period	**10,163,905**	9,984,637	**10,261,611**	9,987,775
Net assets, end of period	**$ 10,688,669**	$ 10,075,503	**$ 10,688,669**	$ 10,075,503

See accompanying notes

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended June 30	
	2025	2024
OPERATING ACTIVITIES		
Increase in total net assets	**$ 524,764**	$ 90,866
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation and amortization	**350,437**	350,216
Change in beneficial interest in foundations and trusts	**(10,150)**	(2,937)
Restricted contributions and investment gains	**(17,525)**	(28,829)
Restricted net assets acquired	**-**	(40,044)
Unrealized (gains) losses on investments	**(250,617)**	110,568
Realized gains on investments	**(51,439)**	(377,357)
Net gain on dispositions	**(97,355)**	-
Inherent contribution	**-**	(220,538)
Net changes in non-alternative investments	**126,740**	441,695
Changes in operating assets and liabilities:		
Accounts receivable	**(585,850)**	(36,353)
Other current assets	**17,271**	(33,162)
Accounts payable and accrued liabilities	**(81,638)**	(73,310)
Insurance reserves	**(4,510)**	135,251
Other current liabilities	**(649)**	(17,087)
Other noncurrent assets and liabilities	**31,566**	22,016
Other operating changes	**(52,017)**	7,488
Net cash (used in) provided by operating activities	**(100,972)**	328,483
INVESTING ACTIVITIES		
Purchase of property, buildings and equipment, net of disposals	**(529,693)**	(431,284)
Net change in UPMC Enterprises investments in non-consolidated entities	**(35,744)**	(22,132)
Net change in investments designated as nontrading	**(18,620)**	(34,019)
Cash proceeds from dispositions	**167,595**	-
Cash acquired through affiliations and divestitures	**-**	46,493
Net change in alternative investments	**93,534**	92,458
Other investing changes	**76,406**	(59,494)
Net cash (used in) investing activities	**(246,522)**	(407,978)
FINANCING ACTIVITIES		
Repayments of long-term obligations	**(651,260)**	(107,560)
Borrowings of long-term obligations	**760,801**	6,472
Other financing changes	**17,525**	28,829
Net cash provided by (used in) financing activities	**127,066**	(72, 259)
Net change in cash and cash equivalents	**(220,428)**	(151,754)
Cash and cash equivalents, beginning of period	**974,097**	1,104,198
Cash and cash equivalents, end of period	**$ 753,669**	$ 952,444
SUPPLEMENTAL INFORMATION		
Finance lease obligations incurred to acquire assets	**$ 23,337**	$ 18,347

See accompanying notes

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION

UPMC is a Pennsylvania nonprofit corporation and is exempt from federal income tax pursuant to Section 501(a) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3) of the Code. Headquartered in Pittsburgh, Pennsylvania, UPMC is one of the world's leading integrated delivery and financing systems. UPMC comprises nonprofit and for-profit entities offering medical and health care-related services, including health insurance products. Closely affiliated with the University of Pittsburgh (the "University") and with shared academic and research objectives, UPMC partners with the University's Schools of the Health Sciences to deliver outstanding patient care, train tomorrow's health care specialists and biomedical scientists, and conduct groundbreaking research on the causes and course of disease.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. The accompanying unaudited interim condensed consolidated financial statements include the accounts of UPMC and its subsidiaries. Intercompany accounts and transactions are eliminated in consolidation. For further information, refer to the audited consolidated financial statements and notes thereto as of and for the twelve-month period ended December 31, 2024.

2. NEW ACCOUNTING PRONOUNCEMENTS

No new accounting pronouncements were released or adopted that will have a material effect on UPMC's condensed consolidated financial statements.

3. BUSINESS COMBINATIONS

On June 1, 2024, UPMC and the Washington Health System ("WHS") executed an Integration and Affiliation Agreement (the "Agreement") as part of UPMC's continued commitment to providing high-quality health care to residents in the Washington and Greene counties of Pennsylvania. As a result of the Agreement, UPMC acquired approximately $369,000 of total assets, consisting of $128,000 of investments, $79,000 of property, plant and equipment, $57,000 of current and long-term assets, $40,000 of beneficial interest in foundations, $37,000 of cash and $28,000 of accounts receivable, assumed approximately $108,000 of total liabilities including $61,000 of current and long-term liabilities and $47,000 of debt obligations, and acquired approximately $40,000 of net assets with donor restrictions. UPMC applied the guidance set forth in ASC 805 *Business Combinations* for affiliations and acquisitions.

For this affiliation, UPMC applied the not-for-profit business combination accounting guidance. The guidance primarily characterizes business combinations between not-for-profit entities as nonreciprocal transfers of assets resulting in the contribution of the acquiree's net assets to the acquirer. As of the affiliation date, the guidance prescribes that the acquirer recognizes the excess fair value of the net assets acquired over the fair value of the consideration transferred as a separate credit in its statement of operations as of the affiliation date. Accordingly, UPMC recognized an inherent contribution related to the net assets acquired in the transaction of approximately $221,000 in its consolidated statement of operations and changes in net assets for the three and six month periods ended June 30, 2024. The inherent contribution recorded for the period is based on the fair market values of the net assets acquired.

4. REVENUE

Net Patient Service Revenue

UPMC's net patient service revenue is recorded based upon the estimated amounts UPMC expects to be entitled to receive from patients, third-party payers (including health insurers and government programs) and others and includes an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, UPMC bills the patients and third-party payers several days after the services are performed and/or the patient is discharged from the facility. Estimates of the explicit price concessions under managed care, commercial and governmental insurance plans are based upon the payment terms specified in the related contractual agreements or as mandated under government payer programs. UPMC continually reviews the explicit price concession estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care and commercial contractual terms resulting from contract negotiations and renewals. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by UPMC. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. UPMC believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to inpatient services. UPMC measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and UPMC does not believe it is required to provide additional goods or services to the patient.

The majority of UPMC's services are rendered to patients with third-party coverage. Payment under these programs for all payers is based on a combination of prospectively determined rates, discounted charges and historical costs. Amounts received under Medicare and Medical Assistance programs are subject to review and final determination by program intermediaries or their agents and the contracts UPMC has with commercial payers also provide for retroactive audit and review of claims. Agreements with third-party payers typically provide for payments at amounts less than established charges. Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. UPMC also provides services to uninsured patients. Revenues related to uninsured patients and uninsured copayment and deductible amounts for patients who have health care coverage may have discounts applied (uninsured discounts and contractual discounts). UPMC also records estimated implicit price concessions (based primarily on historical collection experience) related to uninsured accounts to record these revenues at the estimated amounts UPMC expects to collect. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change and are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods if final settlements differ from estimates. Adjustments arising from a change to previously estimated transaction prices were not significant in the three and six months ended June 30, 2025 or 2024.

Consistent with UPMC's mission, care is provided to patients regardless of their ability to pay. UPMC has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, deductibles and copayments). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts UPMC expects to collect based on its collection history with those patients. Patients who meet UPMC's criteria for charity care are provided care without charge or at amounts less than established rates and UPMC has determined it has provided an implicit price concession. Price concessions, including charity care, are deducted from net patient service revenue.

(DOLLARS IN THOUSANDS)

The collection of outstanding receivables from Medicare, Medicaid, managed care payers, other third-party payers and patients is one of UPMC's primary sources of cash and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the age of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon UPMC's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators.

The composition of net patient service revenue for the three and six months ended June 30, 2025 and 2024 is as follows:

	Six Months Ended		Three Months Ended	
Periods Ended June 30	**2025**	2024	**2025**	2024
Commercial	**36%**	37%	**35%**	35%
Medicare	**43%**	40%	**43%**	40%
Medical Assistance	**15%**	17%	**16%**	19%
Self-pay/other	**6%**	6%	**6%**	6%
	100%	100%	**100%**	100%

Laws and regulations governing the Medicare and Medical Assistance programs are complex and subject to interpretation. UPMC believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing, unless otherwise disclosed. Compliance with such laws and regulations is subject to government review and interpretation as well as significant regulatory action, including fines, penalties and exclusion from Medicare and Medical Assistance programs. As a result, there is at least a reasonable possibility that the recorded estimates may change.

Insurance Enrollment Revenue

UPMC's insurance subsidiaries (collectively, the "Health Plans") provide health care services on a prepaid basis under various contracts. Insurance enrollment revenues are recognized as income in the period in which enrollees are entitled to receive health care services, which represents the performance obligation. Health care premium payments received from UPMC's members in advance of the service period are recorded as unearned revenues.

Insurance enrollment revenues include premiums that are collected from companies, individuals, and government entities. Laws and regulations governing the Medicare and Medical Assistance programs are complex and subject to interpretation. UPMC believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing, unless otherwise disclosed. Compliance with such laws and regulations can be subject to government review and interpretation as well as significant regulatory action, including fines, penalties and exclusion from the programs. As a result, there is at least a reasonable possibility that recorded estimates may change.

Other Revenue

UPMC's other revenue consists of various contracts related to its Health Services and Insurance Services divisions. These contracts vary in duration and in performance obligations. Revenues are recognized when the performance obligations identified within the individual contracts are satisfied and collectability is probable.

5. FAIR VALUE MEASUREMENTS

As of June 30, 2025 and December 31, 2024, UPMC held certain assets that are required to be measured at fair value on a recurring basis. These include certain board-designated, restricted, trusteed, and other investments and derivative instruments. Certain alternative investments are measured using the equity method of accounting and are, therefore, excluded from the fair value hierarchy tables presented herein. The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs are generally unsupported by market activity. The three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, includes:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables represent UPMC's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2025 and December 31, 2024. The interest rate swaps are valued using internal models, which are primarily based on market observable inputs, including interest rate curves. When quoted market prices are unobservable for fixed income securities, quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates where applicable, are used for valuation purposes. These investments are included in Level 2 and include corporate fixed income, government bonds, and mortgage and asset-backed securities.

Other investments measured at fair value represent funds included on the condensed consolidated balance sheets that are reported using net asset value ("NAV"). These amounts are not required to be categorized in the fair value hierarchy. The fair value of these investments is based on the net asset value information provided by the general partner. Fair value is based on the proportionate share of the NAV based on the most recent partners' capital statements received from the general partners, which is generally one quarter prior to the balance sheet date. Certain of UPMC's alternative investments are utilizing NAV to calculate fair value and are included in other investments in the following tables.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

FAIR VALUE MEASUREMENTS AS OF JUNE 30, 2025

	Level 1	Level 2	Level 3	NAV	Total Carrying Amount
ASSETS					
Fixed income	$ -	$ 2,246,055	$ -	$ -	$ 2,246,055
Bond mutual funds	461,562	-	-	-	461,562
Domestic equity	1,482,098	8,714	-	-	1,490,812
International equity	566,779	-	-	-	566,779
Public real estate	88,517	-	-	-	88,517
Active equity	170,845	20,604	-	-	191,449
Absolute equity	-	64,986	-	-	64,986
Securities on loan	125,065	-	-	-	125,065
Securities lending collateral	94,964	-	-	-	94,964
Alternative and other investments at NAV	-	-	-	1,329,504	1,329,504
Total assets measured at fair value on a recurring basis	$ 2,989,830	$ 2,340,359	$ -	$ 1,329,504	$ 6,659,693
LIABILITIES					
Payable under securities lending agreement	$ (94,964)	$ -	$ -	$ -	$ (94,964)
Total liabilities measured at fair value on a recurring basis	$ (94,964)	$ -	$ -	$ -	$ (94,964)

FAIR VALUE MEASUREMENTS AS OF DECEMBER 31, 2024

	Level 1	Level 2	Level 3	NAV	Total Carrying Amount
ASSETS					
Fixed income	$ -	$ 2,352,381	$ -	$ -	$ 2,352,381
Bond mutual funds	326,426	-	-	-	326,426
Domestic equity	1,296,224	9,304	-	-	1,305,528
International equity	555,260	-	-	-	555,260
Public real estate	84,489	-	-	-	84,489
Active equity	(36,721)	162,642	-	-	125,921
Absolute equity	130	66,587	-	-	66,717
Securities on loan	71,365	-	-	-	71,365
Securities lending collateral	28,344	-	-	-	28,344
Alternative and other investments at NAV	-	-	-	1,660,548	1,660,548
Total assets measured at fair value on a recurring basis	$ 2,325,517	$ 2,590,914	$ -	$ 1,660,548	$ 6,576,979
LIABILITIES					
Payable under securities lending agreement	$ (28,344)	$ -	$ -	$ -	$ (28,344)
Total liabilities measured at fair value on a recurring basis	$ (28,344)	$ -	$ -	$ -	$ (28,344)

6. FINANCIAL INSTRUMENTS

UPMC's investments in debt and equity securities are classified as trading. This classification requires UPMC to recognize unrealized gains and losses on its investments in debt and equity securities as investment gain (loss) in the condensed consolidated statements of operations and changes in net assets. Unrealized gains and losses on donor-restricted assets are recorded as changes in net assets with donor restrictions in the condensed consolidated statements of operations and changes in net assets. Gains and losses on the sales of securities are determined by the average cost method. Realized gains and losses are included in investment gain in the condensed consolidated statements of operations and changes in net assets.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value using quoted market prices or model-driven valuations. Cash and cash equivalents and investments recorded at fair value aggregate to $7,318,398 and $7,522,732 at June 30, 2025 and December 31, 2024, respectively. As of June 30, 2025 and December 31, 2024, respectively, UPMC had $2,362,075 and $2,758,333 of total cash and investments that are held by UPMC's regulated entities.

Investments in limited partnerships that invest in nonmarketable securities are primarily recorded at fair value using the NAV practical expedient if the ownership percentage is less than 5% and are reported using the equity method of accounting if the ownership percentage is greater than 5%. UPMC had $1,416,706 and $1,370,283 of alternative investments accounted for under the equity method, which approximate fair value, at June 30, 2025 and December 31, 2024, respectively.

UPMC participates in securities lending transactions whereby a portion of its investments are loaned, through its agent, to various parties in return for cash and securities from the parties as collateral for the securities loaned. The amount of cash collateral received under securities lending is reported as an asset and a corresponding payable in the condensed consolidated balance sheet (reported in other current assets and other current liabilities, respectively). Total collateral is required to have a market value between 102% and 105% of the market value of securities loaned. As of June 30, 2025 and December 31, 2024, respectively, securities loaned, of which UPMC maintains ownership, total $125,065 and $71,365, and total collateral (cash and noncash) received related to the securities loaned was $129,705 and $75,442.

During the six months ended June 30, 2025, UPMC issued the tax-exempt Series 2025A and 2025B bonds with par value of $372,370 and $340,680, respectively. These bonds refunded certain indebtedness, funded capital projects and supported working capital.

UPMC maintains interest rate swap programs on certain of its debt in order to manage its interest rate risk. As of June 30, 2025 and December 31, 2024, UPMC is party to a floating-to-fixed interest rate swap through which UPMC receives 68% of a one-month index and pays a fixed rate of 3.60% on a notional of $13,330. As of June 30, 2025 and December 31, 2024, UPMC is also party to a basis swap where UPMC receives 67% of a three-month index rate plus .3217% and pays Securities Industry and Financial Markets Association ("SIFMA") on a notional of $22,680 and $26,675, respectively.

(DOLLARS IN THOUSANDS)

7. PENSION PLANS

UPMC and its subsidiaries maintain defined benefit pension plans (the "Plans"), defined contribution plans and nonqualified pension plans that cover substantially all of UPMC's employees. Benefits under the Plans vary and are generally based upon the employee's earnings and years of participation.

The components of net periodic pension cost, of which only service cost is included in operating income and all other components are in other non-operating activities on the condensed consolidated statements of operations and changes in net assets, for the Plans are as follows:

	Six Months Ended June 30		Three Months Ended June 30	
	2025	2024	**2025**	2024
Service cost	**$ 91,682**	$ 84,084	**$ 45,841**	$ 42,042
Interest cost	**89,640**	75,958	**44,820**	37,979
Expected return on plan assets	**(96,008)**	(96,462)	**(48,004)**	(48,231)
Recognized net actuarial loss	**1,110**	6,380	**555**	3,190
Amortization of prior service credit	**(2,628)**	(2,628)	**(1,314)**	(1,314)
Net periodic pension cost	**$ 83,796**	$ 67,332	**$ 41,898**	$ 33,666

8. HEALTH INSURANCE COSTS

Costs covered by UPMC's insurance contracts include estimates of payments to be made on claims reported but not yet processed as of the balance sheet date and estimates of health care services incurred but not reported to the Health Plans. Such estimates include the cost of services that will continue to be incurred after the balance sheet date when the Health Plans are obligated to remit payment for such services in accordance with contract provisions or regulatory requirements. UPMC determines the amount of the reserve for incurred but not paid claims by following a detailed actuarial process that uses both historical claim payment patterns as well as emerging medical cost trends to project UPMC's best estimate of the reserve for physical health care costs. This process involves formatting of historical paid claims data into claim triangles, which compare claim incurred dates to the dates of claim payments. This information is analyzed to create completion factors that represent the average percentage of total incurred claims that have been paid through a given date after being incurred. Completion factors are applied to claims paid through the period-end date to estimate the ultimate claims expense incurred for the period. Actuarial estimates of incurred but not paid claim liabilities are then determined by subtracting the actual paid claims from the estimate of the ultimate incurred claims.

For the most recent incurred months, the percentage of claims paid for claims incurred in those months is generally low. This makes the completion factors methodology less reliable for such months. Therefore, incurred claims for most recent months are not projected from historical completion and payment patterns; rather, they are projected by estimating the claims expense for those months based on recent claims expense levels and health care trend levels, or trend factors.

While there are many factors that are used as part of the estimation of UPMC's reserve for physical health care costs, the two key assumptions having the most significant impact on UPMC's incurred but not paid claims liability as of June 30, 2025 and 2024, were the completion and trend factors.

(DOLLARS IN THOUSANDS)

	2025	2024
Reserve for physical health care costs (beginning balance, December 31)	$ 824,633	$ 755,719
Add: Provisions for medical costs occurring in:		
Current year	7,431,464	6,526,593
Prior year	7,694	6,257
Net incurred medical costs	7,439,158	6,532,850
Deduct: Payments for claims occurring in:		
Current year	6,555,569	5,682,715
Prior year	785,074	727,748
Net paid medical costs	7,340,643	6,410,463
Reserve for physical health care costs (ending balance, June 30)	$ 923,148	$ 878,106

The foregoing rollforward, inclusive of all physical health care costs for the Insurance Services Division, shows unfavorable development of $7,694 and $6,257 for the six months ended June 30, 2025 and 2024, respectively. UPMC regularly reviews and sets assumptions regarding cost trends and utilization when initially establishing a reserve for physical health care costs. UPMC continually monitors and adjusts the reserve and claims expense based on subsequent paid claims activity. If it is determined that UPMC's assumptions regarding cost trends and utilization are materially different from actual results, UPMC's consolidated statements of operations and changes in net assets and consolidated balance sheets could be impacted in future periods within insurance claims expense and current and long-term insurance reserves, respectively. Adjustments of prior year estimates may result in additional claims expense or a reduction of claims expense in the period an adjustment is made.

9. LEASES

UPMC has operating and finance leases for corporate offices, physician offices and various equipment types, among others. These lease arrangements have remaining lease terms of one year to 25 years, some of which include options to extend the leases for several periods, and some of which include options to terminate the leases within one year. Balance sheet information related to leases are as follows:

	Jun 30, 2025	Dec 31, 2024
OPERATING LEASES		
Operating lease right-of-use assets	$ 807,095	$ 826,428
Other current liabilities	147,667	147,874
Operating lease noncurrent liabilities	762,222	787,352
Total operating lease liabilities	$ 909,889	$ 935,226
FINANCE LEASES		
Property, plant and equipment, net	$ 71,490	$ 67,778
Current portion of long-term obligations	20,388	19,881
Long-term obligations	64,042	51,841
Total finance lease liabilities	$ 84,430	$ 71,722

(DOLLARS IN THOUSANDS)

Undiscounted maturities of lease liabilities were as follows:

As of June 30, 2025	Operating Leases	Finance Leases
2025 (rest of year)	$ 88,446	$ 9,976
2026	156,711	21,706
2027	136,699	16,570
2028	120,939	11,738
2029	108,874	6,404
Thereafter	455,173	15,496

10. CONTINGENCIES

UPMC is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators. These matters include medical malpractice, employment, intellectual property, antitrust, privacy and contract claims, claims related to health care benefits coverage and other business practices. UPMC records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving UPMC are inherently difficult to predict, particularly where the matters involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, UPMC is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility, or it is probable a loss may be incurred.

Concurrently, UPMC has been involved or is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of the Inspector General, the Office of Personnel Management, the Office of Civil Rights, the Government Accountability Office, the Federal Trade Commission, U.S. Congressional committees, the U.S. Department of Justice (DOJ), the IRS, the U.S. Drug Enforcement Administration, the U.S. Department of Labor, the FDIC, Consumer Financial Protection Bureau and other governmental authorities. UPMC records liabilities for estimates of probable cost resulting from these matters where appropriate. Estimates of cost resulting from governmental investigations, audits and reviews are inherently difficult to predict and as a result UPMC cannot reasonably estimate the outcome which may result from these matters given their procedural status. As of June 30, 2025 and December 31, 2024, UPMC does not have any known material unrecorded liabilities for probable and estimable losses.

11. SUBSEQUENT EVENTS

Management evaluated events occurring subsequent to June 30, 2025 through August 28, 2025, the date the consolidated financial statements of UPMC were issued. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements.