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**UPMC Reports Record Nine-Month Revenue of \$5 Billion, Adds 170 Physicians to
Sustain Future Growth**

PITTSBURGH (May 8, 2007) — With increased Medicare membership in its Insurance Services Division and growing inpatient and outpatient volumes, the University of Pittsburgh Medical Center (UPMC) today reported record revenues of \$5 billion for the nine months ended March 31, 2007, up 13 percent from the year-ago period. Planned investments in future growth reduced the operating margin to \$185 million for the nine months, \$45 million less than in the same period last year. Excess margin, which includes investment income, rose \$69 million to \$459 million. “We are pleased with the consistent strength of our financial performance, driven by the growing number of patients who are choosing our high-quality health care and insurance services,” said UPMC Chief Financial Officer Robert DeMichie. “With our ongoing investments in physician recruitment, expanded clinical programs and safety and quality initiatives, we are planting the seeds for continued revenue growth while sustaining world-class care for our patients.” Medical-surgical admissions at UPMC hospitals in the nine months rose 3 percent over the year-ago period. Outpatient activity, as measured by average revenue per workday, increased 10 percent. To support these growing patient volumes, UPMC has added more than 170 physicians to its staff this fiscal year, bringing the total number of employed physicians to more than 2,300.

At the same time, UPMC invested \$348 million in capital projects during the nine months, an increase of nearly 40 percent, to ensure state-of-the-art facilities for its patients. For example, UPMC St. Margaret began operations in the third quarter at its new Harmar Outpatient Center, which includes five operating suites and five

gastrointestinal labs, all in a convenient location. Ongoing construction costs for UPMC's new Children's Hospital and research complex totaled \$136 million in the period. "Thanks to our strong cash flow from operations, UPMC is able to continue making these significant investments in the health care needs of our community," noted Mr. DeMichiei. Cash flow from operating activities rose 22 percent to \$689 million for the nine months, due mainly to the increased investment margin. Net investing activity of \$279 million for the period reflects a return of 12.9 percent on UPMC's investment portfolio and a change in the classification of certain investments. As a result, both realized and unrealized gains and losses are reflected in the consolidated statement of operations. Previously, changes in the fair value of these investments were recorded only on the balance sheet. Year-to-date net investing activity includes approximately \$48 million of net unrealized gains that occurred prior to June 30, 2006.

UPMC is the largest integrated health care enterprise in Pennsylvania and one of the leading nonprofit health systems in the country. It is the only organization to earn "honor roll" status in both *U.S. News & World Report's* 2006 "America's Best Hospitals" and "America's Best Health Plans" rankings. Widely recognized for its innovations in patient care, research, technology and health care management, UPMC has transformed the economic landscape of western Pennsylvania. The region's largest employer, with 43,000 employees, UPMC comprises 19 tertiary, specialty and community hospitals, 400 outpatient sites and doctors' offices, retirement and long-term care facilities, an insurance division, and commercial and international ventures. Nearly 5,000 physicians are affiliated with UPMC, including more than 2,300 employed physicians. For more information, visit www.upmc.com.

About UPMC Health Plan

UPMC Health Plan, the second-largest health insurer in Western Pennsylvania, is owned by the University of Pittsburgh Medical Center (UPMC), one of the nation's top-ranked health systems. The integrated partner companies of the UPMC Insurance Services Division – which includes UPMC Health Plan, Work Partners, EAP Solutions, UPMC for You (Medical Assistance), and Community Care Behavioral Health – offer a full range of group health insurance, Medicare, CHIP, Medical Assistance, behavioral health, employee assistance, and workers' compensation products and services to nearly 1 million members. Our local provider network includes UPMC as well as community providers, totaling more than 80 hospitals and more than 7,500 physicians in a 28-county region. For more information, visit www.upmchealthplan.com.

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