



**Investor Presentation
September 15, 2014**

Disclaimer

This Investor Presentation was prepared exclusively for the benefit of and internal use by the recipient for the purpose of considering the transaction or transactions contemplated herein.

This Investor Presentation is not an offer to sell or a solicitation of an offer to buy the Bonds and does not purport to be a complete statement of all material facts relating to the Bonds. The offering is made only by means of the Official Statement.

If you are viewing this Investor Presentation after **September 15, 2014**, there may be events that have occurred subsequent to such date that have had a material adverse effect on the financial information that is presented herein. Please be advised that neither the Issuer nor the Underwriter nor any of its affiliates has undertaken or assumed any duty to update any such information and are under no obligation to update any such information.

By accessing this Investor Presentation, you agree not to duplicate, copy, download, screen capture, electronically store or record, produce, publish or distribute this Investor Presentation in any form whatsoever.

No assurance can be given that any transaction or transactions contemplated herein could in fact be executed.

The material contained herein is not a product of any research department of the Underwriter or any of its affiliates. Nothing herein constitutes a recommendation of any security regarding any issuer, nor is it intended to provide information sufficient to make an investment decision.

The information contained in this communication has been compiled from sources believed to be reliable, but no representation or warranty, express or implied, is made by the Underwriter, its affiliates or any other person as to its accuracy, completeness or correctness.

Nothing in this communication constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation and may have been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this communication may not be suitable for you and it is recommended that you consult an independent attorney, investment advisor, or tax advisor if you are in doubt about the suitability of such investments or services.

Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur.

Every province in Canada, state in the United States of America, and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, any specific securities discussed in this communication may not be eligible for sale in some jurisdictions. This communication is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction.

To the fullest extent permitted by law, none of the Underwriter, any of its affiliates, or any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this communication or the information contained herein.

Estimates of future results are statements of opinion based on the most current information available, which is believed to be accurate. Such estimates are subject to risks and uncertainties, which may affect actual collections and cause results to differ materially from those set forth herein.

UPMC'S FINANCIAL PICTURE

- Strong balance sheet allows UPMC to continue meeting the region's health care needs
 - Provide top-ranked clinical care while operating efficiently
 - Fund capital expenditures that support quality and improve care
- UPMC Health Plan membership now more than 2.3 million
- \$644 million in operating EBIDA
- Substantial reinvestment in western Pennsylvania
 - \$458 million in capital spending and business investments
- \$177 million pension contribution protects employees' retirement plans
 - Fully funded based on ERISA funding rules

RESULTS IN BRIEF:

\$190M operating income / \$567M net income / \$4.3B investment reserve portfolio

All figures based upon the most recent fiscal year ended June 30, 2014

UPMC'S TWO BUSINESSES

Operations

- Operating income of **\$190 million** needed to run operations, fund capital expenditures and create new programs
 - Outpatient revenue ↑17%
 - Physician revenue ↑11%
 - UPMC Health Plan membership ↑9%
 - Inpatient volume ↑9%

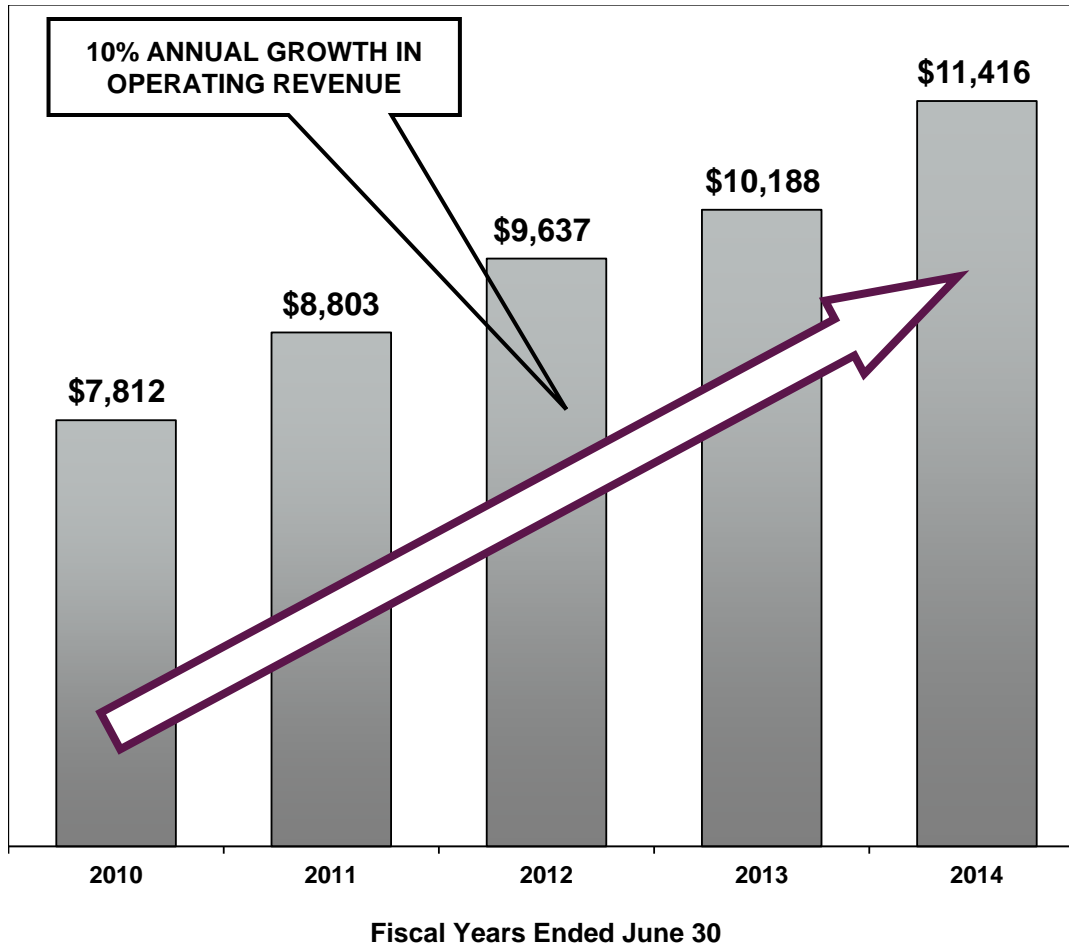
Investment Reserve Portfolio

- **\$4.3 billion** investment reserve portfolio provides for long-term sustainability
 - Value rises and falls based on market conditions
 - Fiscal year return for UPMC ↑14.8%

All figures based upon the most recent fiscal year ended June 30, 2014

UPMC OPERATING REVENUE

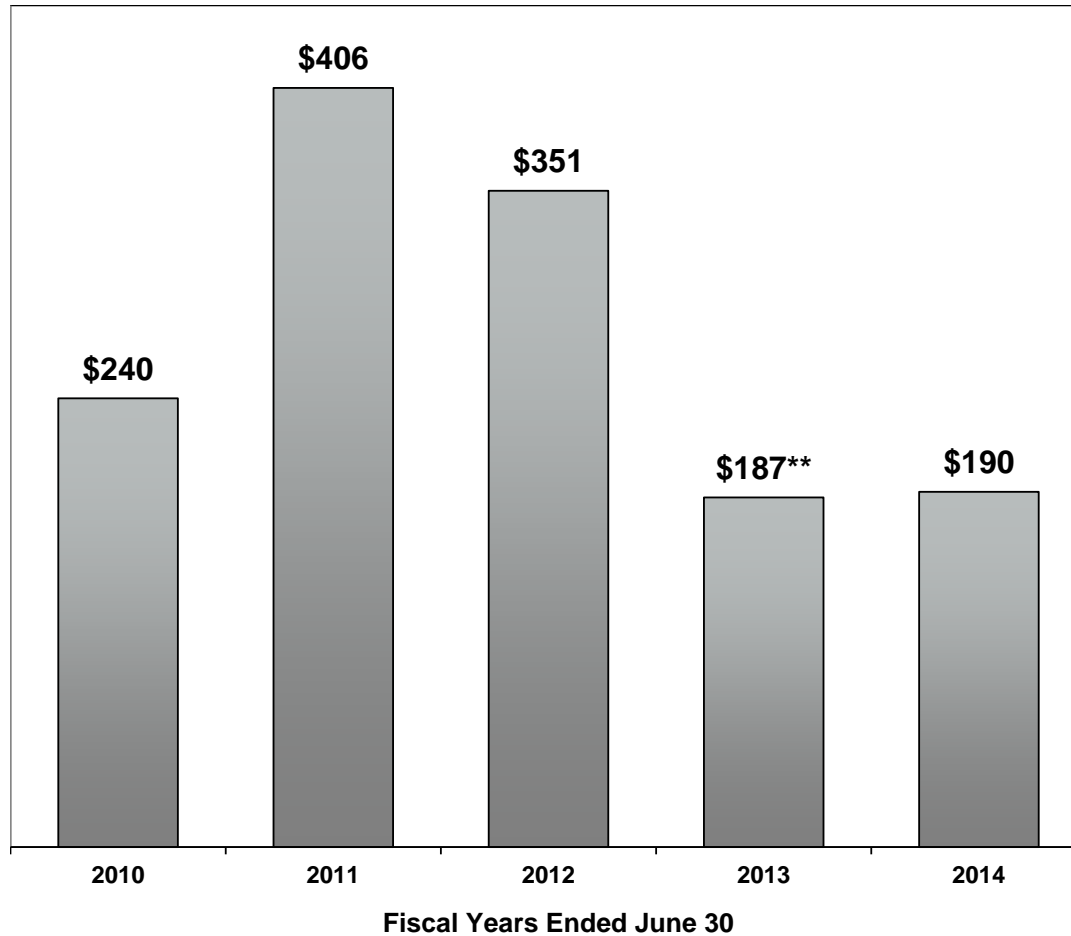
(Dollars In Millions)



- UPMC's operating revenue has increased by 46% since 2010
- 10% compound annual growth rate allows UPMC to pursue various growth and community initiatives

UPMC OPERATING INCOME *

(Dollars In Millions)



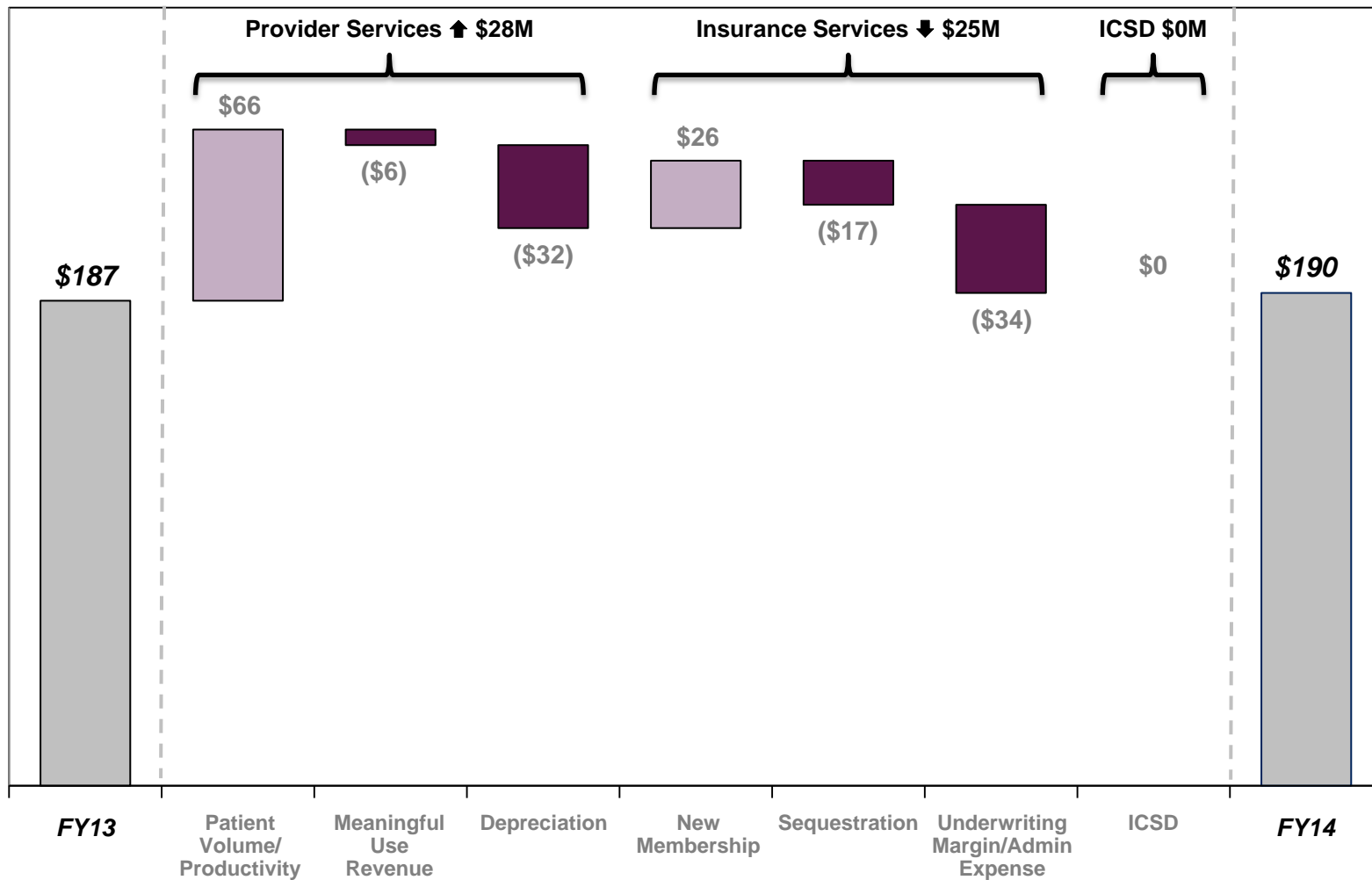
- Operating income \uparrow \$3M
- Provider services \uparrow \$28M and was partially offset by insurance services \downarrow \$25M

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

** -- Excludes a \$55 million non-cash expense related to the Pittsburgh Promise agreement

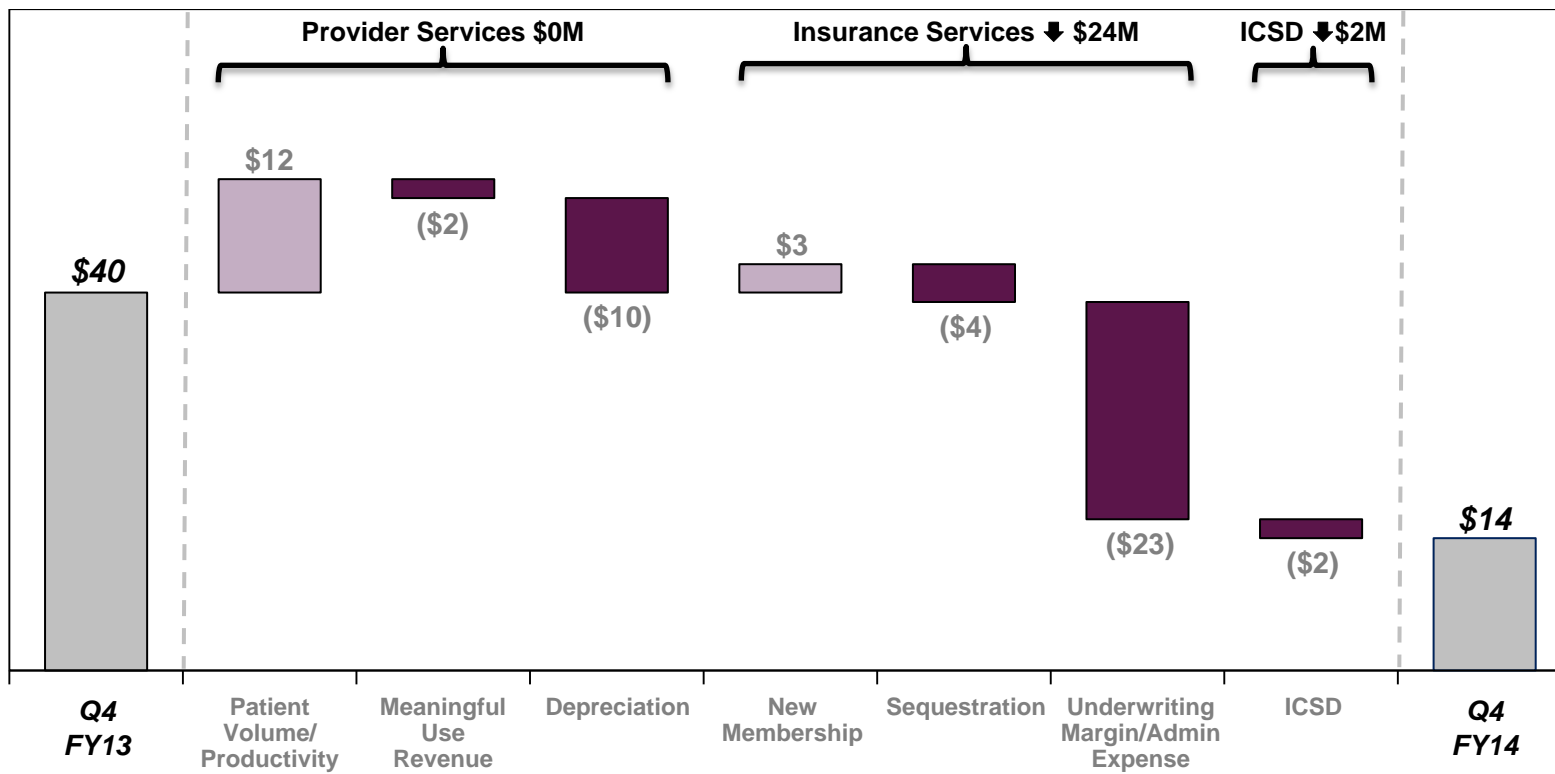
CHANGE IN OPERATING INCOME

(Fiscal Years Ended June 30 – Dollars In Millions)



CHANGE IN OPERATING INCOME

(Fourth Quarter Only Fiscal Years Ended June 30 – Dollars In Millions)

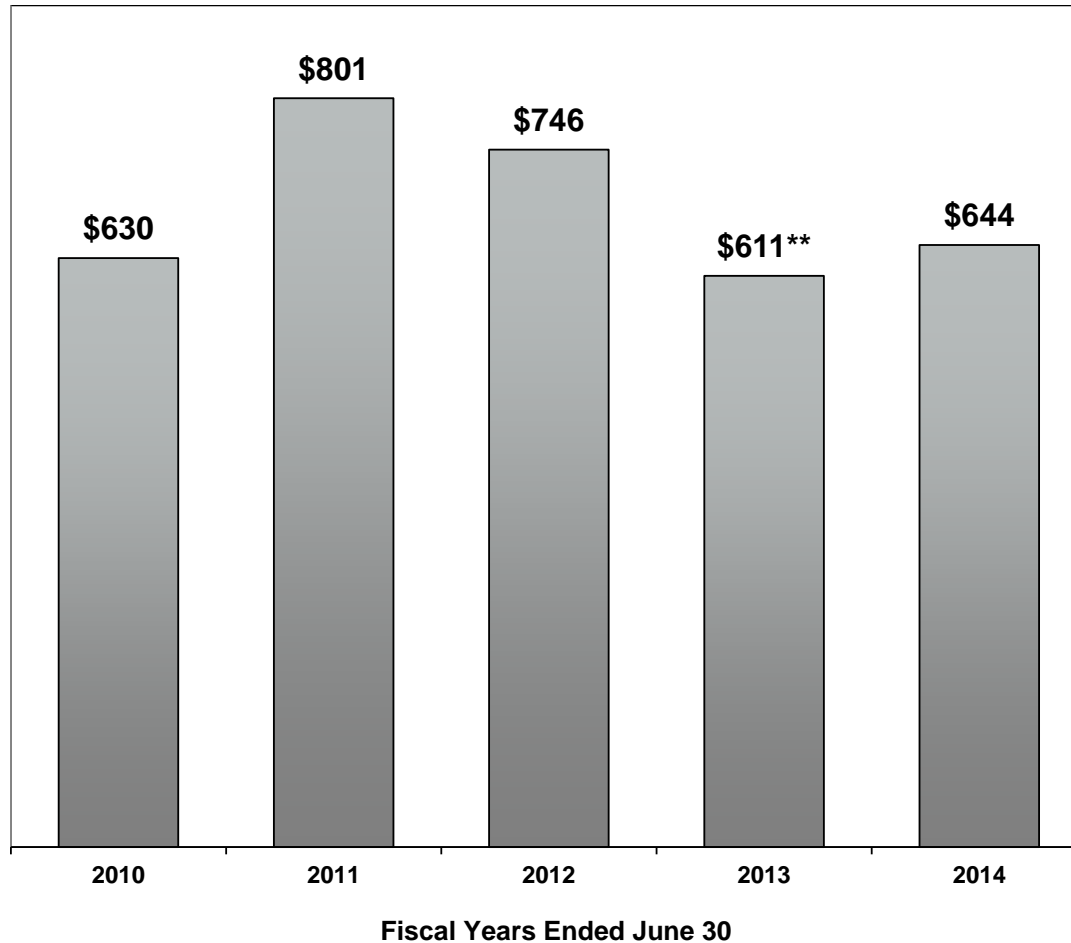


QUARTERLY CHANGE IN OPERATING INCOME

	FY13	Provider	Insurance	ICSD	Total	FY14
Q1	\$72M	↑\$12M	↓\$34M	↑\$4M	↓\$18M	\$54M
Q2	\$13M	↑\$25M	↑\$8M	↑\$12M	↑\$45M	\$58M
Q3	\$62M	↓\$8M	↑\$25M	↓\$14M	↑\$3M	\$65M
Q4	\$40M	\$0M	↓\$24M	↓\$2M	↓\$26M	\$14M
Total	\$187M	↑\$28M	↓\$25M	\$0M	↑\$3M	\$190M

UPMC OPERATING EBIDA *

(Dollars In Millions)



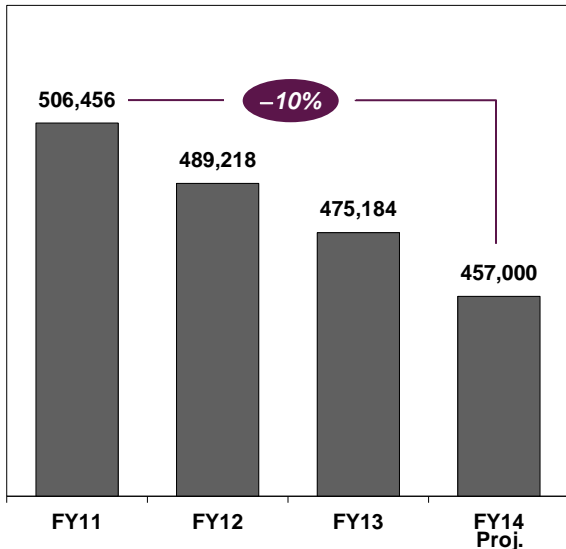
- Tenth consecutive fiscal year in excess of \$500M in operating EBIDA
- Consistently achieving income levels necessary to run operations, fund capital expenditures and create new programs for the residents of western Pennsylvania

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

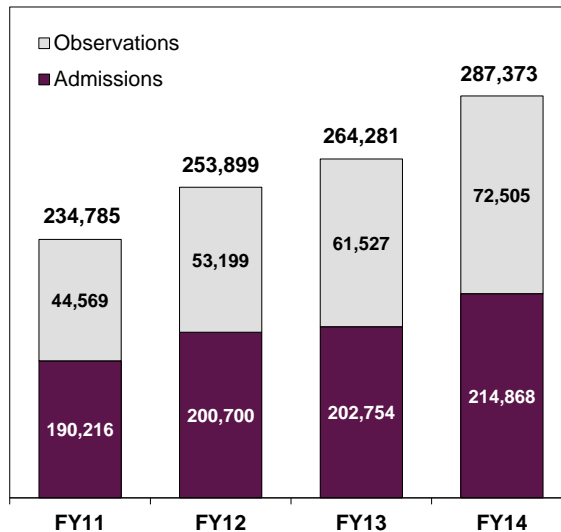
** -- Excludes a \$55 million non-cash expense related to the Pittsburgh Promise agreement

CHANGING WESTERN PENNSYLVANIA MARKET

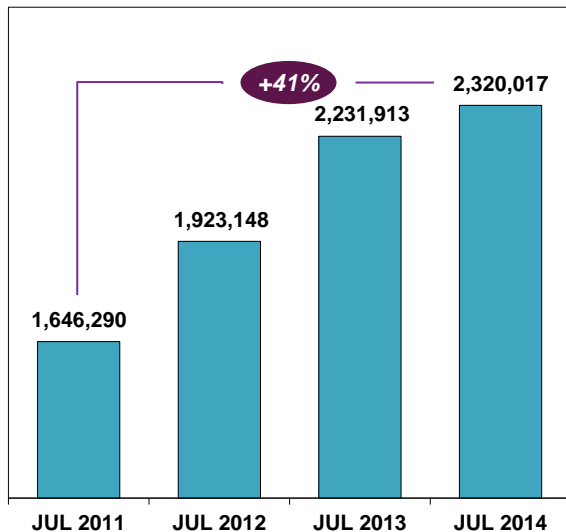
WESTERN PA. IN-PATIENT MEDICAL-SURGICAL MARKET (DISCHARGES)



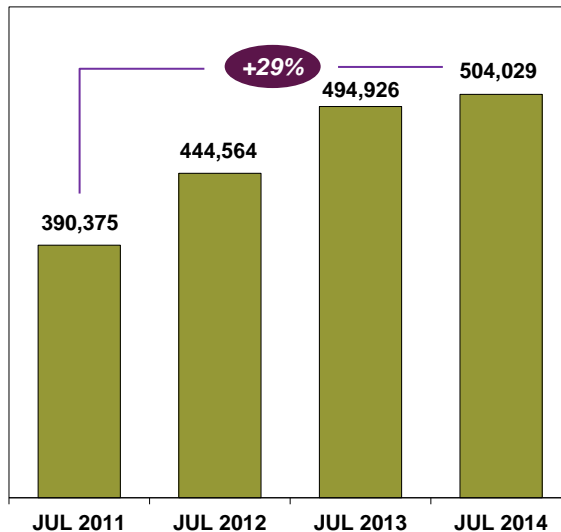
TOTAL UPMC ADMISSIONS & OBSERVATIONS



TOTAL UPMC INSURANCE DIVISION MEMBERSHIP



UPMC COMMERCIAL INSURANCE MEMBERSHIP

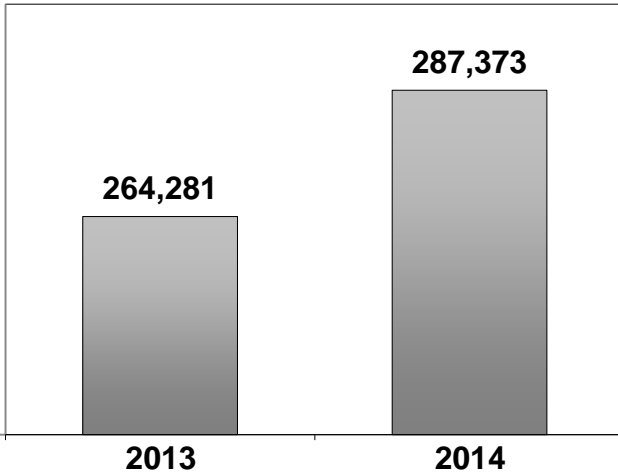


- Western Pennsylvania in-patient med-surg market contracting by more than 3% annually
- 22% increase in admissions over past three years
 - ✓ Allegheny County market share = 61.0% (vs. 58.6% three years ago)
 - ✓ 29-County western PA market share = 41.4% (vs. 33.0% three years ago)
- 41% increase in total insurance membership since 2011
 - ✓ UPMC Health Plan re-affirmed by A.M. Best "A- (Excellent)"
 - ✓ J.D. Power member satisfaction ranked #1 in Pittsburgh market
- Highmark Update

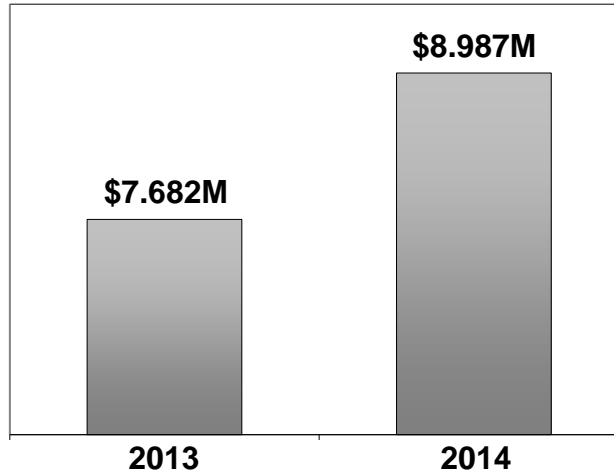
UPMC OPERATING METRICS

(Fiscal Years Ended June 30)

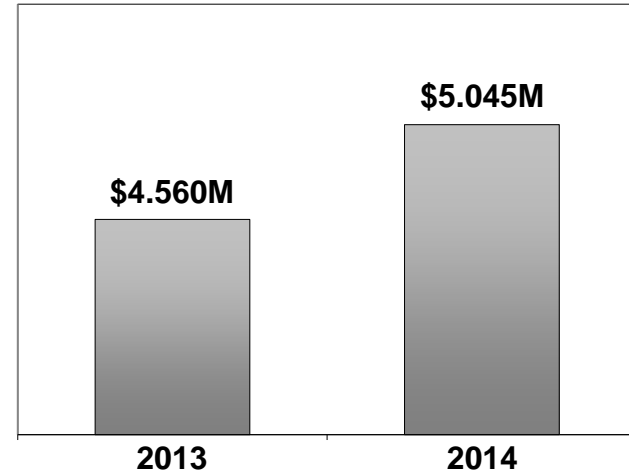
TOTAL ADMISSIONS & OBSERVATIONS



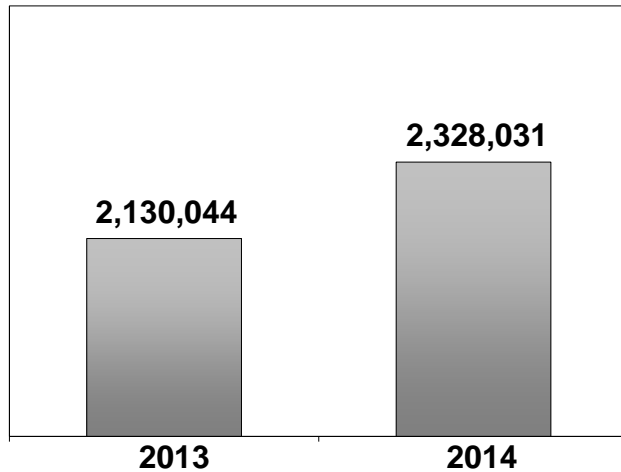
OUTPATIENT REVENUE/WORKDAY



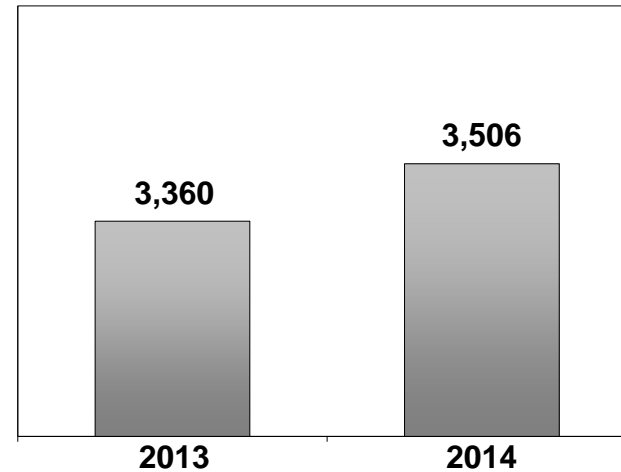
PHYSICIAN SERVICE REVENUE/WEEKDAY



UPMC HEALTH PLAN MEMBERSHIP

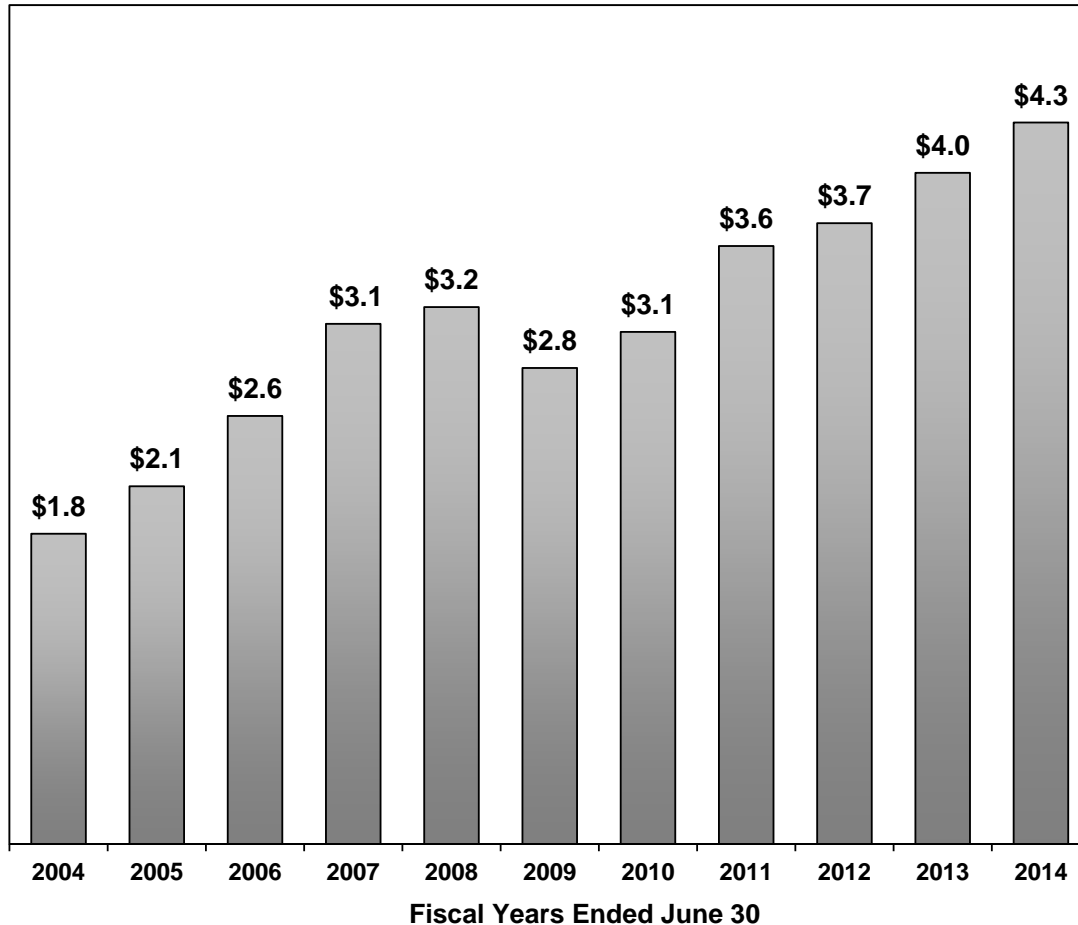


OF EMPLOYED PHYSICIANS



UPMC INVESTMENT RESERVE PORTFOLIO

(Dollars In Billions)



- \$4.3 billion diversified portfolio provides for long-term sustainability
- Value changes as market fluctuates

2014 U.S. NEWS & WORLD REPORT HONOR ROLL



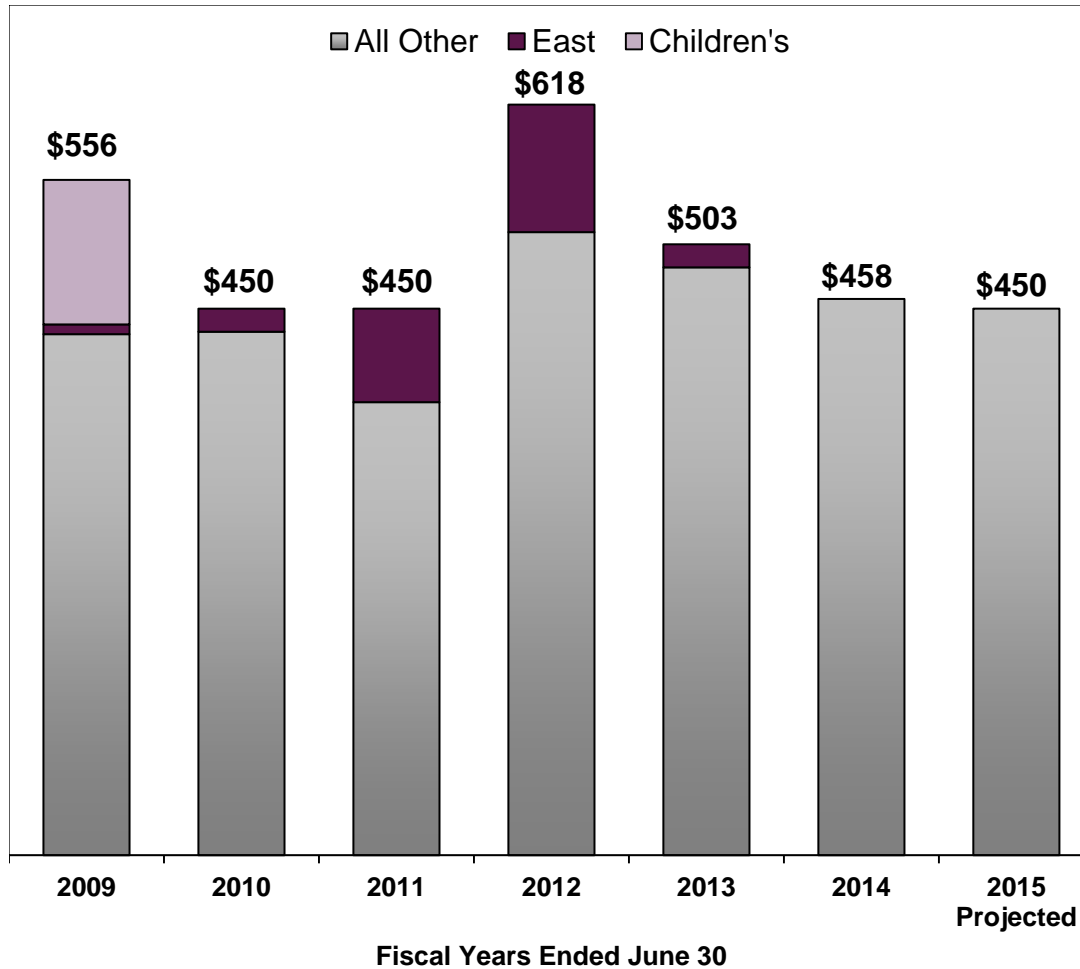
U.S. News & World Report
BEST HOSPITALS HONOR ROLL 2014-2015

1. Mayo Clinic, Rochester, Minn.
2. Massachusetts General Hospital, Boston
3. Johns Hopkins Hospital, Baltimore
4. Cleveland Clinic
5. UCLA Medical Center, Los Angeles
6. New York-Presbyterian University Hospital of Columbia and Cornell, N.Y.
7. Hospital of the University of Pennsylvania, Philadelphia
8. UCSF Medical Center, San Francisco
9. Brigham and Women's Hospital, Boston
10. Northwestern Memorial Hospital, Chicago
11. University of Washington Medical Center, Seattle
12. Cedars-Sinai Medical Center, Los Angeles
- 12. UPMC-University of Pittsburgh Medical Center**
14. Duke University Medical Center, Durham, N.C.
15. NYU Langone Medical Center, New York
16. Mount Sinai Hospital, New York
17. Barnes-Jewish Hospital/Washington University, St. Louis

- UPMC ranked #12 on the Honor Roll
 - ✓ 15th year on the Honor Roll
- #1 in Pennsylvania
- UPMC ranked in 15 of 16 specialties
 - ✓ Six specialties ranked in the top 10 nationwide; 10 ranked in the top 20
- Children's Hospital of Pittsburgh of UPMC ranked #9 on the "Best Children's Hospitals" Honor Roll
 - ✓ Fifth year on the Honor Roll
 - ✓ Ranked in all 10 pediatric specialties nationwide; five ranked in the top 10

INVESTING IN INFRASTRUCTURE AND NEW BUSINESSES

(Dollars In Millions)



- Annual average reinvestment of \$506 million supports UPMC's three strategic pillars:

- ✓ Good science
- ✓ Smart technology
- ✓ Accountable patient care

- All capital expenditures satisfy the following:

- ✓ Advance the delivery of health care to our patients and the community
- ✓ Improve UPMC facilities/update technologies used to deliver patient care
- ✓ Realize a positive ROI

UPMC UNIQUELY POSITIONED FOR THE FUTURE

Clinical Care Provider

- Grown from a single psychiatric hospital in 1973 to a 21-hospital system today
- Ranked #1 in Pennsylvania and #12 nationally in *U.S. News & World Report* Honor Roll



Best care
**recognized
again.**

Academic Medical Center

- With University of Pittsburgh, increased NIH funding from \$25M (36th) in 1980 to \$430M (6th) today
- One of the largest programs in the U.S. – trains nearly 1,800 residents and fellows
- More than 3,500 employed physicians



Integrated Delivery & Finance System (IDFS)

- UPMC Health Plan established in 1997; membership surged by 45% over past 3 years to more than 2.3 million
- 2nd largest provider-owned IDFS; more than \$5B in revenue
- Top-rated for quality and satisfaction



Business & Entrepreneurial

- International presence in more than a dozen countries
- Successful commercial ventures mean 1,700 jobs and \$520M reinvestment in the region
- Partnering with national leaders; Evolent #4 on *Forbes* 2014 list
- Recognized for IT innovation; "Most Wired" 16 consecutive years



Series 2014 A & B Bonds

- \$400 million - Fixed Rate
 - \$350 million Pennsylvania Economic Development Financing Authority
 - \$50 million Monroeville Finance Authority
- \$150 million New Capital
- Current Refundings:
 - 2008A Bullet Maturity - \$167 million
 - 2008B Bullet Maturity - \$50 million
 - 2009A Bonds - \$20 million
- Sale mid-September
- Close early-October
- Total debt expected to remain at approximately \$3.1 Billion over next 5 years
 - New capital borrowing expected to match amortizing principal