



Universal Health Services, Inc.

Universal Health Services, Inc. Reports 2010 First Quarter Financial Results

April 26, 2010

Consolidated Results of Operations

KING OF PRUSSIA, Pa., April 26, 2010 /PRNewswire via COMTEX/ --Universal Health Services, Inc. (NYSE: UHS) announced today that its reported net income attributable to UHS was \$71.8 million, or an increase of 7% to \$.73 per diluted share, during the first quarter of 2010 as compared to \$67.5 million, or \$.68 per diluted share, during the comparable prior year quarter.

Net revenues increased 3% to \$1.35 billion during the first quarter of 2010 as compared to \$1.31 billion during the first quarter of 2009. The operating margin (net revenues less salaries, wages and benefits, other operating expenses, supplies expense and provision for doubtful accounts) increased to 15.7% during the first quarter of 2010 as compared to 15.6% during the first quarter of 2009.

Acute Care Services:

At our acute care hospitals owned during both periods ("same facility basis"), adjusted admissions (adjusted for outpatient activity) increased 1.8% while adjusted patient days increased 0.6% during the first quarter of 2010, as compared to the first quarter of 2009. Net revenues at these facilities increased 3.1% during the first quarter of 2010 as compared to the comparable quarter of the prior year. At these facilities, net revenue per adjusted admission increased 1.3% while net revenue per adjusted patient day increased 2.5% during the first quarter of 2010 as compared to the comparable quarter of the prior year. On a same facility basis, the operating margin at our acute care hospitals decreased to 16.1% during the first quarter of 2010 as compared to 17.6% during the first quarter of 2009.

We provide care to patients who meet certain financial or economic criteria without charge or at amounts substantially less than our established rates. Because we do not pursue collection of amounts determined to qualify as charity care, they are not reported in net revenues or in accounts receivable, net. Our acute care hospitals provided charity care and uninsured discounts, based on charges at established rates, amounting to \$176 million and \$158 million during the three-month periods ended March 31, 2010 and 2009, respectively.

Behavioral Health Care Services:

At our behavioral health care facilities, on a same facility basis, adjusted admissions increased 3.8% and adjusted patient days increased 3.9% during the first quarter of 2010 as compared to the first quarter of 2009. Net revenues at these facilities increased 6.7% during the first quarter of 2010 as compared to the comparable quarter in the prior year. At these facilities, net revenue per adjusted admission increased 2.8% while net revenue per adjusted patient day increased 2.7% during the first quarter of 2010 over the comparable prior year quarter. The operating margin at our behavioral health care facilities owned during both periods increased to 26.1% during the first quarter of 2010 as compared to 24.6% during the first quarter of 2009.

Conference Call Information:

We will hold a conference call for investors and analysts at 9:00 a.m. eastern time on April 27, 2010. The dial-in number is 1-877-648-7971. A digital recording of the conference call will be available two hours after the completion of the conference call on April 27, 2010 and will continue through midnight on May 11, 2010. The recording can be accessed by calling 1-800-642-1687 and entering the conference ID number 68231632. This call will also be available live over the internet at our web site at www.uhsinc.com. The webcast is also being distributed through the Thomson StreetEvents Network. Individual investors can listen to the call at www.earnings.com, Thomson's individual investor portal, powered by StreetEvents. Institutional investors can access the call via Thomson StreetEvents at www.streetevents.com.

General Information, Forward-Looking Statements and Risk Factors and Non-GAAP Financial Measures:

Universal Health Services, Inc. ("UHS") is one of the nation's largest hospital companies operating, through its subsidiaries, acute care hospitals, behavioral healthcare facilities and ambulatory centers located throughout the United States and Puerto Rico. UHS acts as the advisor to Universal Health Realty Income Trust, a real estate investment trust (NYSE: UHT). For additional information on the Company, visit our web site: <http://www.uhsinc.com>.

This press release contains forward-looking statements based on current management expectations. Numerous factors, including those disclosed herein, those related to healthcare industry trends and those detailed in our filings with the Securities and Exchange Commission (as set forth in *Item 1A-Risk Factors* and in *Item 7-Forward-Looking Statements and Risk Factors* in our Form 10-K for the year ended December 31, 2009), may cause the results to differ materially from those anticipated in the forward-looking statements. Many of the factors that will determine our future results are beyond our capability to control or

predict. These statements are subject to risks and uncertainties and therefore actual results may differ materially. Readers should not place undue reliance on such forward-looking statements which reflect management's view only as of the date hereof. We undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

We believe that operating income, operating margin, adjusted net income attributable to UHS, adjusted net income attributable to UHS per diluted share and earnings before interest, taxes, depreciation and amortization ("EBITDA"), which are non-GAAP financial measures ("GAAP" is Generally Accepted Accounting Principles in the United States of America), are helpful to our investors as measures of our operating performance. In addition, we believe that, when applicable, comparing and discussing our financial results based on these measures, as calculated, is helpful to our investors since it neutralizes the effect in each year of items that are nonrecurring or non-operational in nature including items such as, but not limited to, gains on sales of assets and businesses, reserves for settlements, legal judgments and lawsuits and other amounts that may be reflected in the current or prior year financial statements that relate to prior periods. To obtain a complete understanding of our financial performance these measures should be examined in connection with net income, determined in accordance with GAAP, as presented in the condensed consolidated financial statements and notes thereto in this report or in our other filings with the Securities and Exchange Commission including our Report on Form 10-K for the year ended December 31, 2009. Since the items included or excluded from these measures are significant components in understanding and assessing financial performance under GAAP, these measures should not be considered to be alternatives to net income as a measure of our operating performance or profitability. Since these measures, as presented, are not determined in accordance with GAAP and are thus susceptible to varying calculations, they may not be comparable to other similarly titled measures of other companies. Investors are encouraged to use GAAP measures when evaluating our financial performance.

Universal Health Services, Inc.

 Consolidated Statements of Income

 (in thousands, except per share amounts)
 (unaudited)

	Three months ended March 31,	
	2010	2009
	----	----
Net revenues	\$1,347,153	\$1,312,419
Operating charges:		
Salaries, wages and benefits	578,926	541,297
Other operating expenses	247,028	273,221
Supplies expense	183,816	173,967
Provision for doubtful accounts	125,390	118,978
Depreciation and amortization	53,511	51,134
Lease and rental expense	17,934	17,072
	1,206,605	1,175,669
	-----	-----
Income from operations	140,548	136,750
Interest expense, net	12,377	12,638
	-----	-----
Income before income taxes	128,171	124,112
Provision for income taxes	45,409	42,078
	-----	-----
Net income	82,762	82,034
Less: Net income attributable to noncontrolling interests	10,943	14,493
Net income attributable to UHS	\$71,819	\$67,541
	=====	=====

Basic earnings per share attributable to UHS (a)	\$0.74	\$0.68
	=====	=====
Diluted earnings per share attributable to UHS (a)	\$0.73	\$0.68
	=====	=====

Universal Health Services, Inc.

Footnotes to Consolidated Statements of Income

(in thousands, except per share amounts)
(unaudited)

Three months
ended March 31,

2010 2009

(a) Earnings per share calculation:

Basic and diluted:		

Net income attributable to UHS	\$71,819	\$67,541
Less: Net income attributable to unvested restricted share grants	(315)	(314)
	-----	-----
Net income attributable to UHS -basic and diluted	\$71,504	\$67,227
	=====	=====
Weighted average number of common shares - basic	96,539	98,412
	-----	-----
Basic earnings per share attributable to UHS:	\$0.74	\$0.68
	=====	=====
Weighted average number of common shares	96,539	98,412
Add: Other share equivalents	911	-
Weighted average number of common shares and equiv. -diluted	97,450	98,412
	-----	-----
Diluted earnings per share attributable to UHS:	\$0.73	\$0.68
	=====	=====

Universal Health Services, Inc.

Schedule of Non-GAAP Supplemental Consolidated Statements of Income Information ("Supplemental Schedule")

For the three months ended March 31, 2010 and 2009

(in thousands, except per share amounts)
(unaudited)

Calculation of "EBITDA"

Three months ended
March 31, 2010

----- □

Calculation of "EBITDA"

----- □

Net revenues	\$1,347,153	100.0%
Operating charges:		
Salaries, wages and benefits	578,926	43.0%
Other operating expenses	247,028	18.3%
Supplies expense	183,816	13.6%
Provision for doubtful accounts	125,390	9.3%
	1,135,160	84.3%
	-----	----
Operating income/margin ("EBITDAR")	211,993	15.7%
Lease and rental expense	17,934	
Net income attributable to noncontrolling interests	10,943	
	----- □	
Earnings before, depreciation and amortization, interest expense, and income taxes ("EBITDA")	\$183,116	
	===== □	

Three months ended
March 31, 2009

----- □

Calculation of "EBITDA"

----- □

Net revenues	\$1,312,419	100.0%
Operating charges:		
Salaries, wages and benefits	541,297	41.2%
Other operating expenses	273,221	20.8%
Supplies expense	173,967	13.3%
Provision for doubtful accounts	118,978	9.1%
	1,107,463	84.4%
	-----	----
Operating income/margin ("EBITDAR")	204,956	15.6%
Lease and rental expense	17,072	
Net income attributable to noncontrolling interests	14,493	
	----- □	
Earnings before, depreciation and amortization, interest expense, and income taxes ("EBITDA")	\$173,391	
	===== □	

----- □
Condensed Consolidated Balance Sheets
----- □
(in thousands, unaudited)

	March 31, 2010 ----	December 31, 2009 ----
Assets □		
Current assets:		
Cash and cash equivalents	\$6,865	\$9,180
Accounts receivable, net	648,831	602,559
Supplies	83,822	84,272
Other current assets	36,863	27,270
Deferred income taxes	39,895	51,336
Current assets held for sale	21,580	21,580
Total current assets	837,856 -----	796,197 -----
Property and equipment	3,771,362	3,738,818
Less: accumulated depreciation	(1,467,874)	(1,423,580)
	2,303,488 -----	2,315,238 -----
Other assets:		
Goodwill	733,626	732,685
Deferred charges	9,316	8,643
Other	115,025	111,700
	\$3,999,311 =====	\$3,964,463 =====
Liabilities and Stockholders' Equity □		
Current liabilities:		
Current maturities of long-term debt	\$1,526	\$2,573
Accounts payable and accrued liabilities	583,028	578,617
Federal and state taxes	25,716	1,627
Total current liabilities	610,270 -----	582,817 -----
Other noncurrent liabilities	367,747	375,580
Long-term debt	891,615	956,429
Deferred income taxes	63,125	60,091
UHS common stockholders' equity	1,821,755	1,751,071
Noncontrolling interest	244,799	238,475
Total equity	2,066,554 -----	1,989,546 -----
	\$3,999,311 =====	\$3,964,463 =====

Universal Health Services, Inc.
----- □
Consolidated Statements of Cash Flows
----- □
(in thousands)
(unaudited) □

Three months

	ended March 31,	
	----- □	
	2010	2009
	----	----
Cash Flows from Operating Activities:		
Net income	\$82,762	\$82,034
Adjustments to reconcile net income to net □		
cash provided by operating activities:		
Depreciation & amortization	53,511	51,134
Gain on sale of asset	(1,848)	-
Stock-based compensation expense	4,065	3,463
Changes in assets & liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable	(46,499)	(44,894)
Construction management and other receivable	-	17,477
Accrued interest	8,357	10,491
Accrued and deferred income taxes	37,380	28,062
Other working capital accounts	(2,389)	6,581
Other assets and deferred charges	(4,231)	(1,902)
Other	(4,164)	(4,537)
Accrued insurance expense, net of commercial premiums paid	18,960	20,014
Payments made in settlement of self-insurance claims	(10,187)	(15,669)
Net cash provided by operating activities	135,717	152,254
	-----	-----
Cash Flows from Investing Activities:		
Property and equipment additions, net of disposals	(62,576)	(78,219)
Proceeds received from sale of asset	2,894	-
Net cash used in investing activities	(59,682)	(78,219)
	-----	-----
Cash Flows from Financing Activities:		
Reduction of long-term debt	(68,363)	(51,800)
Repurchase of common shares	(2,157)	(14,725)
Dividends paid	(4,834)	(3,962)
Issuance of common stock	1,627	667
Profit distributions to noncontrolling interests	(4,623)	(252)
Net cash used in financing activities	(78,350)	(70,072)
	-----	-----
Increase (decrease) in cash and cash equivalents	(2,315)	3,963
Cash and cash equivalents, beginning of period	9,180	5,460
Cash and cash equivalents, end of period	\$6,865	\$9,423
	=====	=====
Supplemental Disclosures of Cash Flow Information: □		
Interest paid	\$5,482	\$3,966
	=====	=====
Income taxes paid, net of refunds	\$6,732	\$13,784
	=====	=====

Universal Health Services, Inc.
Supplemental Statistical Information
(unaudited) □

	% Change Quarter Ended 3/31/2010 -----
Same Facility: -----	
Acute Care Hospitals ----- □	
Revenues	3.1%
Adjusted Admissions	1.8%
Adjusted Patient Days	0.6%
Revenue Per Adjusted Admission	1.3%
Revenue Per Adjusted Patient Day	2.5%
Behavioral Health Hospitals ----- □	
Revenues	6.7%
Adjusted Admissions	3.8%
Adjusted Patient Days	3.9%
Revenue Per Adjusted Admission	2.8%
Revenue Per Adjusted Patient Day	2.7%

UHS Consolidated -----	First Quarter Ended -----	
	3/31/2010 -----	3/31/2009 -----
Revenues	\$1,347,153	\$1,312,419
EBITDA (1)	\$183,116	\$173,391
EBITDA Margin (1)	13.6%	13.2%
Cash Flow From Operations	\$135,717	\$152,254
Days Sales Outstanding	43	45
Capital Expenditures	\$62,576	\$78,219
Debt	893,141	947,569
UHS common stockholders' equity	1,821,755	1,596,544
Debt / Total Capitalization	32.9%	37.2%
Debt / EBITDA (2)	1.29	1.64
Debt / Cash From Operations (2)	1.73	1.84
Acute Care EBITDAR Margin (3)	16.1%	17.6%
Behavioral Health EBITDAR Margin (3)	25.5%	24.3%

(1) Net of noncontrolling interest

(2) Latest 4 quarters

(3) Before Corporate overhead allocation and noncontrolling interest

UNIVERSAL HEALTH SERVICES, INC.
SELECTED HOSPITAL STATISTICS
MARCH 31, 2010

AS REPORTED:

For the three months ended

	Acute □	
	03/31/10	03/31/09
	-----	-----
Hospitals owned and leased	21	21
Average licensed beds	5,689	5,465
Patient days	305,676	307,278
Average daily census	3,396.4	3,414.2
Occupancy-licensed beds	59.7%	62.5%
Admissions	68,638	68,198
Length of stay	4.5	4.5
Inpatient revenue	\$2,783,431	\$2,580,139
Outpatient revenue	1,116,925	995,699
Total patient revenue	3,900,356	3,575,838
Other revenue	15,803	17,810
Gross hospital revenue	3,916,159	3,593,648
Total deductions	2,926,848	2,633,799
Net hospital revenue	\$989,311	\$959,849

AS REPORTED:

For the three months ended

	% □
	--- □
Hospitals owned and leased	0.0%
Average licensed beds	4.1%
Patient days	-0.5%
Average daily census	-0.5%
Occupancy-licensed beds	-4.4%
Admissions	0.6%
Length of stay	-1.2%
Inpatient revenue	7.9%
Outpatient revenue	12.2%
Total patient revenue	9.1%
Other revenue	-11.3%
Gross hospital revenue	9.0%
Total deductions	11.1%
Net hospital revenue	3.1%

AS REPORTED:

For the three months ended

Behavioral Health	
03/31/10	03/31/09
-----	-----

Hospitals owned and leased	82	81
Average licensed beds	7,971	7,794
Patient days	538,750	512,934
Average daily census	5,986.1	5,699.3
Occupancy-licensed beds	75.1%	73.1%
Admissions	36,357	33,961
Length of stay	14.8	15.1
Inpatient revenue	\$544,781	\$503,681
Outpatient revenue	77,977	68,128
Total patient revenue	622,758	571,809
Other revenue	8,408	7,909
Gross hospital revenue	631,166	579,718
Total deductions	281,984	257,565
Net hospital revenue	\$349,182	\$322,153

AS REPORTED:

For the three months ended

% □
--- □

Hospitals owned and leased	1.2%
Average licensed beds	2.3%
Patient days	5.0%
Average daily census	5.0%
Occupancy-licensed beds	2.7%
Admissions	7.1%
Length of stay	-1.9%
Inpatient revenue	8.2%
Outpatient revenue	14.5%
Total patient revenue	8.9%
Other revenue	6.3%
Gross hospital revenue	8.9%
Total deductions	9.5%
Net hospital revenue	8.4%

SAME FACILITY:

Acute □
03/31/10 03/31/09
----- -----

Hospitals owned and leased	21	21
Average licensed beds	5,689	5,465
Patient days	305,676	307,278
Average daily census	3,396.4	3,414.2
Occupancy-licensed beds	59.7%	62.5%
Admissions	68,638	68,198

Length of stay	4.5	4.5
----------------	-----	-----

SAME FACILITY:

% □
 --- □

Hospitals owned and leased	0.0%
Average licensed beds	4.1%
Patient days	-0.5%
Average daily census	-0.5%
Occupancy-licensed beds	-4.4%
Admissions	0.6%
Length of stay	-1.2%

SAME FACILITY:

Behavioral Health
 (1) □
 03/31/10 03/31/09
 ----- -----

Hospitals owned and leased	79	79
Average licensed beds	7,735	7,642
Patient days	530,766	509,661
Average daily census	5,897.4	5,662.9
Occupancy-licensed beds	76.2%	74.1%
Admissions	35,295	33,937
Length of stay	15.0	15.0

SAME FACILITY:

% □
 --- □

Hospitals owned and leased	0.0%
Average licensed beds	1.2%
Patient days	4.1%
Average daily census	4.1%
Occupancy-licensed beds	2.9%
Admissions	4.0%
Length of stay	0.1%

(1) Ascent, Centennial Peaks, Crescent Pines, The Hope Program and Springwoods Behavioral are excluded in both current and prior years. Coastal Behavioral is included in March 1st thru year to date.

