

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT**  
**Pursuant to Section 13 OR 15(d) of The**  
**Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): October 27, 2006 (October 26, 2006)**

---

**UNIVERSAL HEALTH SERVICES, INC.**

(Exact name of registrant as specified in its charter)

---

**DELAWARE**  
(State or other jurisdiction of  
Incorporation or Organization)

**1-10765**  
(Commission File Number)

**23-2077891**  
(I.R.S. Employer  
Identification No.)

**UNIVERSAL CORPORATE CENTER**  
**367 SOUTH GULPH ROAD**  
**KING OF PRUSSIA, PENNSYLVANIA 19406**  
(Address of principal executive office) (Zip Code)

**Registrant's telephone number, including area code (610) 768-3300**

**Not Applicable**  
(Former name or former address, if changed since last report)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

---

Item 2.02 Results of Operations and Financial Condition

On October 26, 2006, Universal Health Services, Inc. (the "Company") issued its 2006 third quarter earnings release. A copy of the Company's press release is furnished as exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits. 99.1 Universal Health Services, Inc., press release, dated October 26, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Universal Health Services, Inc.

By: /s/ Alan B. Miller

Name: Alan B. Miller

Title: Chairman of the Board, President and  
Chief Executive Officer

By: /s/ Steve Filton

Name: Steve Filton

Title: Senior Vice President and  
Chief Financial Officer

Date: October 27, 2006

Exhibit Index

| <u>Exhibit No.</u> | <u>Exhibit</u>   |
|--------------------|--|
| 99.1               | Universal Health Services, Inc., press release, dated October 26, 2006 |

FOR IMMEDIATE RELEASE

CONTACT: Steve Filton  
Chief Financial Officer  
610-768-3300

October 26, 2006

UNIVERSAL HEALTH SERVICES, INC. REPORTS  
THIRD QUARTER EARNINGS

KING OF PRUSSIA, PA – Universal Health Services, Inc. (NYSE: UHS) announced today that its reported net income was \$113.9 million, or \$2.00 per diluted share, during the third quarter of 2006 as compared to \$8.3 million, or \$.15 per diluted share, during the comparable prior year quarter. Reported net income was \$225.3 million, or \$3.89 per diluted share, during the nine months ended September 30, 2006 as compared to \$228.6 million, or \$3.73 per diluted share, during the comparable prior year nine-month period.

Reported income from continuing operations was \$114.0 million, or \$2.00 per diluted share, during the third quarter of 2006 as compared to \$9.5 million, or \$.17 per diluted share, during the third quarter of 2005. Reported income from continuing operations was \$225.4 million, or \$3.89 per diluted share, during the nine-month period ended September 30, 2006 as compared to \$100.8 million, or \$1.71 per diluted share, during the nine-month period ended September 30, 2005.

As indicated on the attached Schedules of Non-GAAP Supplemental Consolidated Statements of Income Information (“Supplemental Schedules”), our income from continuing operations and net income for the three and nine-month periods ended September 30, 2006 and 2005 include various items such as: (i) hurricane-related expenses, net of minority interests and income taxes; (ii) hurricane-related insurance recoveries, net of minority interests and income taxes; (iii) prior period effect of supplemental reimbursements from certain states and contractual settlements, net of income taxes; (iv) a previously disclosed charge incurred during the third quarter of 2006 to record the aggregate present value of the future funding of a portion of a gift from our Chairman of the Board of Directors, Chief Executive Officer and President to The College of William & Mary (“W&M Funding”); (v) favorable income tax adjustment to reduce reserves due to the expiration of statute of limitations in a foreign jurisdiction, and; (vi) gains on divestitures, net of income taxes (included in net income for nine-month period ended September 30, 2005).

After adjusting for the items discussed above applicable to each period presented, as indicated on the attached Supplemental Schedules, our adjusted net income during the three-month period ended September 30, 2006 was \$30.6 million, or \$.54 per diluted

share, as compared to \$28.4 million, or \$.52 per diluted share, during the third quarter of 2005. Our adjusted net income during the nine-month period ended September 30, 2006 was \$119.4 million, or \$2.10 per diluted share, as compared to \$125.2 million, or \$2.09 per diluted share, during the comparable prior year nine-month period.

Our adjusted income from continuing operations during the three-month period ended September 30, 2006 was \$30.7 million, or \$.54 per diluted share, as compared to \$29.6 million, or \$.54 per diluted share, during the three-month period ended September 30, 2005. Our adjusted income from continuing operations during the nine-month period ended September 30, 2006 was \$119.5 million, or \$2.10 per diluted share, as compared to \$123.9 million, or \$2.07 per diluted share, during the comparable prior year nine-month period.

Net revenues increased 7% to \$1.04 billion during the third quarter of 2006 as compared to \$971 million during the third quarter of 2005. Net revenues increased 5% to \$3.13 billion during the nine months ended September 30, 2006 as compared to \$2.97 billion during the prior year nine-month period. Impacting our net revenues during the 2006 periods was the loss of revenues generated at our acute care facilities in Louisiana which were damaged and closed since the third quarter of 2005 as a result of Hurricane Katrina. On a combined basis, these facilities generated net revenues of \$40 million and \$166 million during the three and nine-month periods ended September 30, 2005, respectively. Also, as previously disclosed, on January 1<sup>st</sup> of this year we implemented a formal company-wide uninsured discount policy which has had the effect of lowering both net revenues and the provision for doubtful accounts by approximately \$17 million and \$46 million during the three and nine-month periods ended September 30, 2006, respectively. The implementation of this uninsured discount policy did not have a significant impact on our 2006 net income.

At our acute care hospitals owned during both periods, inpatient admissions increased 1.9% and patient days increased 4.8% during the third quarter of 2006 as compared to the comparable 2005 quarter. Inpatient admissions increased 1.5% and patient days increased 2.4% during the nine-month period ended September 30, 2006 as compared to the comparable prior year period. Since our acute care facilities located in Louisiana have been closed since the third quarter of 2005, the inpatient statistics for those facilities have been excluded from the three and nine-month periods of each year. At our behavioral health care facilities owned during both quarters, inpatient admissions increased 3.0% and patient days increased 1.2% during the third quarter of 2006 as compared to the comparable 2005 quarter. Inpatient admissions increased 3.5% and patient days increased 1.7% during the nine-month period ended September 30, 2006 as compared to the comparable prior year period.

Our consolidated operating margin, as calculated on the attached Supplemental Schedules, was 12.2% and 13.0% during the three-month periods ended September 30, 2006 and 2005, respectively. The operating margin at our acute care hospitals owned during both periods (“same facility basis”) remained unchanged at 11.8% during each of the three-month periods ended September 30, 2006 and 2005. On a same facility basis,

the operating margin at our behavioral health hospitals increased to 24.7% during the third quarter of 2006 from 22.7% during the comparable quarter of the prior year. Contributing to the decrease in consolidated operating margin during the third quarter of 2006, as compared to the comparable prior year quarter, were lower operating margins experienced at our behavioral health facilities acquired during the fourth quarter of 2005 and the \$4.5 million charge incurred during the third quarter of 2006 in connection with the W&M Funding.

Our consolidated operating margin was 13.4% and 13.9% during the nine-month periods ended September 30, 2006 and 2005, respectively. On a same facility basis, the operating margin at our acute care hospitals decreased to 13.5% during the nine months ended September 30, 2006 as compared to 14.4% during the nine months ended September 30, 2005. On a same facility basis, the operating margin at our behavioral health hospitals increased to 25.7% during the nine months ended September 30, 2006 as compared to 24.5% during the comparable prior year period.

Our provision for doubtful accounts as a percentage of net revenues was 9.4% and 10.6% during the three-month periods ended September 30, 2006 and 2005, respectively, and 8.3% and 9.5% during the nine-month periods ended September 30, 2006 and 2005, respectively. Exclusive of the impact of the uninsured discount implemented at the beginning of this year, as a percentage of net revenues, the provision for doubtful accounts would have been 10.8% and 9.6% during the three and nine-month periods ended September 30, 2006.

Effective July 1, 2006, the pharmacy services for our acute care facilities were brought in-house from an outsourced vendor and as a result of this change, during the third quarter of 2006, we experienced an increase in our supplies expense and salaries, wages and benefits expense and a decrease in our other operating expenses. The transition of our pharmacy services did not have a significant impact on our operating margin or net income during the third quarter of 2006.

As previously announced during the third quarter of 2006, we reached an agreement with our insurance carrier to settle all claims related to damage sustained at our facilities located in Louisiana as a result of Hurricane Katrina. Including amounts collected from our other insurance carriers in 2005 and 2006, we received total insurance proceeds of \$264 million which represented approximately 95% of our insurance policy limits.

We will hold a conference call for investors and analysts at 9:00 a.m. Eastern Time on October 27, 2006. 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 October 27, 2006 and will continue through midnight on November 3, 2006. The recording can be accessed by calling 1-800-642-1687 and entering the conference ID number 8537972.

This call will also be available live over the internet at our web site at [www.uhsinc.com](http://www.uhsinc.com). It will also be distributed over CCBN's Investor Distribution Network to both institutional and individual investors. Individual investors can listen to the call through CCBN's individual investor center at <http://www.companyboardroom.com> or by visiting any of the investor sites in CCBN's Individual Investor Network. Institutional investors can access the call via CCBN's password-protected event management site, StreetEvents ([www.streetevents.com](http://www.streetevents.com)).

Universal Health Services, Inc. is one of the nation's largest hospital companies, operating acute care and behavioral health hospitals and ambulatory centers nationwide and in Puerto Rico. It 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 "Risk Factors" on pages 24 through 30 and in "Forward-Looking Statements and Risk Factors" on pages 39 and 40 of our Form 10-K for the year ended December 31, 2005), may cause 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 income from continuing operations, adjusted income from continuing operations per diluted share, adjusted net income, adjusted net income per diluted share, adjusted operating income and adjusted operating margin, 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 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, hurricane-related expenses and insurance recoveries, the W&M Funding, and other amounts 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, 2005. 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.

(more)

**Universal Health Services, Inc.**  
**Consolidated Statements of Income**  
(in thousands, except per share amounts)  
(unaudited)

|   | Three months<br>ended September 30, |                 | Nine months<br>ended September 30, |                   |
|---|-------------------------------------|-----------------|------------------------------------|-------------------|
|   | 2006                                | 2005            | 2006                               | 2005              |
| Net revenues  | \$1,043,457                         | \$970,772       | \$3,125,419                        | \$2,968,305       |
| <i>Operating charges:</i>   |                                     |                 |                                    |                   |
| Salaries, wages and benefits  | 459,099                             | 395,938         | 1,336,087                          | 1,210,175         |
| Other operating expenses  | 211,875                             | 229,119         | 708,932                            | 694,991           |
| Supplies expense  | 146,944                             | 117,127         | 400,271                            | 369,787           |
| Provision for doubtful accounts   | 97,901                              | 102,734         | 260,090                            | 280,620           |
| Depreciation and amortization   | 40,961                              | 38,552          | 120,360                            | 116,236           |
| Lease and rental expense  | 16,184                              | 14,688          | 48,247                             | 45,443            |
| Hurricane related expenses  | 4,172                               | 128,895         | 14,432                             | 128,895           |
| Hurricane insurance recoveries  | (4,172)                             | (81,709)        | (14,432)                           | (81,709)          |
|   | <u>972,964</u>                      | <u>945,344</u>  | <u>2,873,987</u>                   | <u>2,764,438</u>  |
| Income before interest expense, hurricane insurance recoveries in excess of expenses, minority interests and income taxes | 70,493                              | 25,428          | 251,432                            | 203,867           |
| Interest expense, net   | 6,140                               | 6,404           | 23,362                             | 24,530            |
| Hurricane insurance recoveries in excess of expenses  | (130,328)                           | —               | (167,359)                          | —                 |
| Minority interests in earnings of consolidated entities   | 14,948                              | 4,014           | 37,617                             | 19,859            |
| Income before income taxes  | 179,733                             | 15,010          | 357,812                            | 159,478           |
| Provision for income taxes  | 65,704                              | 5,531           | 132,420                            | 58,677            |
| Income from continuing operations   | 114,029                             | 9,479           | 225,392                            | 100,801           |
| (Loss) income from discontinued operations, net of income tax expense (a)   | (84)                                | (1,160)         | (104)                              | 127,770           |
| Net income  | <u>\$ 113,945</u>                   | <u>\$ 8,319</u> | <u>\$ 225,288</u>                  | <u>\$ 228,571</u> |
| Basic earnings (loss) per share: (b)  |                                     |                 |                                    |                   |
| From continuing operations  | \$ 2.01                             | \$ 0.17         | \$ 4.11                            | \$ 1.79           |
| From discontinued operations  | 0.00                                | (0.02)          | 0.00                               | 2.27              |
| Total basic earnings per share  | <u>\$ 2.01</u>                      | <u>\$ 0.15</u>  | <u>\$ 4.11</u>                     | <u>\$ 4.06</u>    |
| Diluted earnings (loss) per share: (b)  |                                     |                 |                                    |                   |
| From continuing operations  | \$ 2.00                             | \$ 0.17         | \$ 3.89                            | \$ 1.71           |
| From discontinued operations  | 0.00                                | (0.02)          | 0.00                               | 2.02              |
| Total diluted earnings per share  | <u>\$ 2.00</u>                      | <u>\$ 0.15</u>  | <u>\$ 3.89</u>                     | <u>\$ 3.73</u>    |

**Universal Health Services, Inc.**  
**Footnotes to Consolidated Statements of Income**  
(in thousands, except per share amounts)  
(unaudited)

|   | Three months<br>ended September 30, |                   | Nine months<br>ended September 30, |                   |
|---|-------------------------------------|-------------------|------------------------------------|-------------------|
|   | 2006                                | 2005              | 2006                               | 2005              |
| <b>(a) Calculation of income from discontinued operations, net of income tax:</b> |                                     |                   |                                    |                   |
| (Loss) income from operations   | \$ (133)                            | \$ (1,825)        | \$ (165)                           | \$ 5,713          |
| Gains on divestitures   | —                                   | —                 | —                                  | 186,221           |
| Asset impairment charge   | —                                   | —                 | —                                  | (3,105)           |
| (Loss) income from discontinued operations, pre-tax                               | (133)                               | (1,825)           | (165)                              | 188,829           |
| Income tax benefit (provision)  | 49                                  | 665               | 61                                 | (61,059)          |
| (Loss) income from discontinued operations, net of income tax expense             | <u>\$ (84)</u>                      | <u>\$ (1,160)</u> | <u>\$ (104)</u>                    | <u>\$ 127,770</u> |
| <b>(b) Earnings per share calculation:</b>  |                                     |                   |                                    |                   |
| <b>Basic:</b>   |                                     |                   |                                    |                   |
| Income from continuing operations   | \$114,029                           | \$ 9,479          | \$225,392                          | \$100,801         |
| Less: Dividends on unvested restricted stock, net of taxes                        | (20)                                | (26)              | (63)                               | (81)              |
| Income from continuing operations - basic   | \$114,009                           | \$ 9,453          | \$225,329                          | \$100,720         |
| (Loss) income from discontinued operations  | (84)                                | (1,160)           | (104)                              | 127,770           |
| Net income - basic  | <u>\$113,925</u>                    | <u>\$ 8,293</u>   | <u>\$225,225</u>                   | <u>\$228,490</u>  |
| Weighted average number of common shares - basic                                  | 56,794                              | 54,682            | 54,764                             | 56,210            |
| Basic earnings (loss) per share:  |                                     |                   |                                    |                   |
| From continuing operations  | \$ 2.01                             | \$ 0.17           | \$ 4.11                            | \$ 1.79           |
| From discontinued operations  | 0.00                                | (0.02)            | 0.00                               | 2.27              |
| Total basic earnings per share  | <u>\$ 2.01</u>                      | <u>\$ 0.15</u>    | <u>\$ 4.11</u>                     | <u>\$ 4.06</u>    |
| <b>Diluted:</b>   |                                     |                   |                                    |                   |
| Income from continuing operations   | \$114,029                           | \$ 9,479          | \$225,392                          | \$100,801         |
| Less: Dividends on unvested restricted stock, net of taxes                        | (20)                                | (26)              | (63)                               | (81)              |
| Add: Debenture interest, net of taxes   | —                                   | —                 | 4,902                              | 7,196             |
| Income from continuing operations - diluted                                       | \$114,009                           | \$ 9,453          | \$230,231                          | \$107,916         |
| (Loss) income from discontinued operations  | (84)                                | (1,160)           | (104)                              | 127,770           |
| Net income - diluted  | <u>\$113,925</u>                    | <u>\$ 8,293</u>   | <u>\$230,127</u>                   | <u>\$235,686</u>  |
| Weighted average number of common shares  | 56,794                              | 54,682            | 54,764                             | 56,210            |
| Add: Shares for conversion of convertible debentures                              | —                                   | —                 | 4,168                              | 6,577             |
| Other share equivalents   | 207                                 | 466               | 227                                | 476               |
| Weighted average number of common shares and equiv. - diluted                     | <u>57,001</u>                       | <u>55,148</u>     | <u>59,159</u>                      | <u>63,263</u>     |
| Diluted earnings (loss) per share:  |                                     |                   |                                    |                   |
| From continuing operations  | \$ 2.00                             | \$ 0.17           | \$ 3.89                            | \$ 1.71           |
| From discontinued operations  | 0.00                                | (0.02)            | 0.00                               | 2.02              |
| Total diluted earnings per share  | <u>\$ 2.00</u>                      | <u>\$ 0.15</u>    | <u>\$ 3.89</u>                     | <u>\$ 3.73</u>    |

**Universal Health Services, Inc.**  
**Condensed Consolidated Balance Sheets**  
(in thousands)  
(unaudited)

|   | <u>September 30,</u><br><u>2006</u> | <u>December 31,</u><br><u>2005</u> |
|---|-------------------------------------|------------------------------------|
| <b>Assets:</b>                                    |                                     |                                    |
| Cash and cash equivalents                         | \$ 14,817                           | \$ 7,963                           |
| Accounts receivable, net                          | 584,764                             | 499,726                            |
| Other current assets                              | 113,311                             | 100,609                            |
| Property, plant and equipment, net                | 1,609,890                           | 1,429,653                          |
| Other assets                                      | 826,245                             | 820,758                            |
| <b>Total Assets</b>                               | <b><u>\$ 3,149,027</u></b>          | <b><u>\$2,858,709</u></b>          |
| <b>Liabilities and Stockholders' Equity:</b>      |                                     |                                    |
| Current portion of long-term debt                 | \$ 3,137                            | \$ 5,191                           |
| Other current liabilities                         | 625,382                             | 518,979                            |
| Other noncurrent liabilities                      | 347,813                             | 289,195                            |
| Long-term debt                                    | 464,806                             | 637,654                            |
| Deferred income taxes                             | 24,403                              | 42,713                             |
| Minority interest                                 | 187,041                             | 159,879                            |
| Stockholders' equity                              | 1,496,445                           | 1,205,098                          |
| <b>Total Liabilities and Stockholders' Equity</b> | <b><u>\$ 3,149,027</u></b>          | <b><u>\$2,858,709</u></b>          |

**Universal Health Services, Inc.**  
**Schedule of Non-GAAP Supplemental Consolidated Statements of Income Information (“Supplemental Schedule”)**  
**For the Three Months Ended September 30, 2006 and 2005**  
(in thousands, except per share amounts)  
(unaudited)

|  | <u>Three months ended<br/>September 30, 2006</u> |              | <u>Three months ended<br/>September 30, 2005</u> |              |
|--|--|--------------|--|--------------|
| Net revenues   | \$1,043,457                                      | 100.0%       | \$970,772  | 100.0%       |
| Operating charges:   |  |              |  |              |
| Salaries, wages and benefits   | 459,099  | 44.0%        | 395,938  | 40.8%        |
| Other operating expenses   | 211,875  | 20.3%        | 229,119  | 23.6%        |
| Supplies expense   | 146,944  | 14.1%        | 117,127  | 12.1%        |
| Provision for doubtful accounts  | 97,901   | 9.4%         | 102,734  | 10.6%        |
|  | <u>915,819</u>                                   | <u>87.8%</u> | <u>844,918</u>                                   | <u>87.0%</u> |
| Operating income/margin  | 127,638  | 12.2%        | 125,854  | 13.0%        |
| Lease and rental expense   | 16,184   |              | 14,688   |              |
| Minority interests in earnings of consolidated entities  | 14,948   |              | 4,014  |              |
| Earnings before hurricane related expenses, hurricane insurance recoveries, depreciation and amortization, interest expense, and income taxes (“EBITDA”) | 96,506   |              | 107,152  |              |
| Hurricane related expenses   | 4,172  |              | 128,895  |              |
| Hurricane insurance recoveries   | (134,500)  |              | (81,709)   |              |
| Depreciation and amortization  | 40,961   |              | 38,552   |              |
| Interest expense, net  | 6,140  |              | 6,404  |              |
| Income before income taxes   | 179,733  |              | 15,010   |              |
| Provision for income taxes   | 65,704   |              | 5,531  |              |
| Income from continuing operations  | 114,029  |              | 9,479  |              |
| (Loss) income from discontinued operations, net of income taxes  | (84)   |              | (1,160)  |              |
| Net income   | <u>\$ 113,945</u>                                |              | <u>\$ 8,319</u>                                  |              |

|  | <u>Three months ended<br/>September 30, 2006</u> |                              | <u>Three months ended<br/>September 30, 2005</u> |                              |
|--|--|------------------------------|--|------------------------------|
|  | <u>Amount</u>                                    | <u>Per<br/>Diluted Share</u> | <u>Amount</u>                                    | <u>Per<br/>Diluted Share</u> |
| <b>Calculation of Adjusted Income from Continuing Operations</b>   |  |                              |  |                              |
| Income from continuing operations  | \$ 114,029                                       | \$ 2.00                      | \$ 9,479   | \$ 0.17                      |
| Plus/minus adjustments:  |  |                              |  |                              |
| Hurricane related expenses, net of minority interests and income taxes   | 2,206  | 0.04                         | 78,064   | 1.42                         |
| Hurricane related insurance recoveries, net of minority interests and income taxes   | (80,083)   | (1.41)                       | (49,758)   | (0.90)                       |
| Prior period effect of supplemental reimbursements received from certain states and contractual settlements, net of income taxes | (7,025)  | (0.12)                       | (8,201)  | (0.15)                       |
| W&M Funding  | 4,466  | 0.08                         | —  | —                            |
| Favorable tax reserve adjustment   | (2,900)  | (0.05)                       | —  | —                            |
| Subtotal after-tax adjustments to income from continuing operations  | <u>(83,336)</u>                                  | <u>(1.46)</u>                | <u>20,105</u>                                    | <u>0.37</u>                  |
| Adjusted income from continuing operations   | <u>\$ 30,693</u>                                 | <u>\$ 0.54</u>               | <u>\$ 29,584</u>                                 | <u>\$ 0.54</u>               |
| <b>Calculation of Adjusted Net Income</b>  |  |                              |  |                              |
| Net income   | \$ 113,945                                       | \$ 2.00                      | \$ 8,319   | \$ 0.15                      |
| After-tax adjustments to income from continuing operations, as indicated above   | (83,336)   | (1.46)                       | 20,105   | 0.37                         |
| Adjusted net income  | <u>\$ 30,609</u>                                 | <u>\$ 0.54</u>               | <u>\$ 28,424</u>                                 | <u>\$ 0.52</u>               |

**Universal Health Services, Inc.**  
**Schedule of Non-GAAP Supplemental Consolidated Statements of Income Information (“Supplemental Schedule”)**  
**For the Nine Months Ended September 30, 2006 and 2005**  
(in thousands, except per share amounts)  
(unaudited)

|  | <u>Nine months ended<br/>September 30, 2006</u> |              | <u>Nine months ended<br/>September 30, 2005</u> |              |
|--|---|--------------|---|--------------|
| Net revenues   | \$3,125,419                                     | 100.0%       | \$2,968,305                                     | 100.0%       |
| Operating charges:   |   |              |   |              |
| Salaries, wages and benefits   | 1,336,087                                       | 42.7%        | 1,210,175                                       | 40.8%        |
| Other operating expenses   | 708,932   | 22.7%        | 694,991   | 23.4%        |
| Supplies expense   | 400,271   | 12.8%        | 369,787   | 12.5%        |
| Provision for doubtful accounts  | 260,090   | 8.3%         | 280,620   | 9.5%         |
|  | <u>2,705,380</u>                                | <u>86.6%</u> | <u>2,555,573</u>                                | <u>86.1%</u> |
| Operating income/margin  | 420,039   | 13.4%        | 412,732   | 13.9%        |
| Lease and rental expense   | 48,247  |              | 45,443  |              |
| Minority interests in earnings of consolidated entities  | 37,617  |              | 19,859  |              |
| Earnings before hurricane related expenses, hurricane insurance recoveries, depreciation and amortization, interest expense, and income taxes (“EBITDA”) | 334,175   |              | 347,430   |              |
| Hurricane related expenses   | 14,432  |              | 128,895   |              |
| Hurricane insurance recoveries   | (181,791)                                       |              | (81,709)  |              |
| Depreciation and amortization  | 120,360   |              | 116,236   |              |
| Interest expense, net  | 23,362  |              | 24,530  |              |
| Income before income taxes   | 357,812   |              | 159,478   |              |
| Provision for income taxes   | 132,420   |              | 58,677  |              |
| Income from continuing operations  | 225,392   |              | 100,801   |              |
| (Loss) income from discontinued operations, net of income taxes  | (104)   |              | 127,770   |              |
| Net income   | <u>\$ 225,288</u>                               |              | <u>\$ 228,571</u>                               |              |

|  | <u>Nine months ended<br/>September 30, 2006</u> |                              | <u>Nine months ended<br/>September 30, 2005</u> |                              |
|--|---|------------------------------|---|------------------------------|
|  | <u>Amount</u>                                   | <u>Per<br/>Diluted Share</u> | <u>Amount</u>                                   | <u>Per<br/>Diluted Share</u> |
| <b>Calculation of Adjusted Income from Continuing Operations</b>   |   |                              |   |                              |
| Income from continuing operations  | \$ 225,392                                      | \$ 3.89                      | \$ 100,801                                      | \$ 1.71                      |
| Plus/minus adjustments:  |   |                              |   |                              |
| Hurricane related expenses, net of minority interests and income taxes   | 8,139   | 0.14                         | 78,064  | 1.23                         |
| Hurricane related insurance recoveries, net of minority interests and income taxes   | (107,814)                                       | (1.83)                       | (49,758)  | (0.79)                       |
| Prior period effect of supplemental reimbursements received from certain states and contractual settlements, net of income taxes | (7,818)   | (0.13)                       | (5,225)   | (0.08)                       |
| W&M Funding  | 4,466   | 0.08                         | —   | —                            |
| Favorable tax reserve adjustment   | (2,900)   | (0.05)                       | —   | —                            |
| Subtotal after-tax adjustments to income from continuing operations  | <u>(105,927)</u>                                | <u>(1.79)</u>                | <u>23,081</u>                                   | <u>0.36</u>                  |
| Adjusted income from continuing operations   | <u>\$ 119,465</u>                               | <u>\$ 2.10</u>               | <u>\$ 123,882</u>                               | <u>\$ 2.07</u>               |
| <b>Calculation of Adjusted Net Income</b>  |   |                              |   |                              |
| Net income   | \$ 225,288                                      | \$ 3.89                      | \$ 228,571                                      | \$ 3.73                      |
| After-tax adjustments to income from continuing operations, as indicated above   | (105,927)                                       | (1.79)                       | 23,081  | 0.36                         |
| Gain on divestitures, net of income taxes  | —   | —                            | (126,462)                                       | (2.00)                       |
| Adjusted net income  | <u>\$ 119,361</u>                               | <u>\$ 2.10</u>               | <u>\$ 125,190</u>                               | <u>\$ 2.09</u>               |

**Universal Health Services, Inc.**  
**Supplemental Statistical Information**  
(un-audited)

| <u>Same Facility:</u>                    | <u>% Change<br/>Quarter Ended<br/>9/30/2006</u> | <u>% Change<br/>9 months ended<br/>9/30/2006</u> |                  |                  |
|--|---|--|------------------|------------------|
| <b>Acute Care Hospitals</b>              |   |  |                  |                  |
| Revenues                                 | 7.2%  | 5.9%   |                  |                  |
| Adjusted Admissions                      | 1.2%  | 1.4%   |                  |                  |
| Adjusted Patient Days                    | 4.3%  | 2.6%   |                  |                  |
| Revenue Per Adjusted Admission           | 6.0%  | 4.4%   |                  |                  |
| Revenue Per Adjusted Patient Day         | 2.8%  | 3.2%   |                  |                  |
| <b>Behavioral Health Hospitals</b>       |   |  |                  |                  |
| Revenues                                 | 7.5%  | 7.9%   |                  |                  |
| Adjusted Admissions                      | 3.0%  | 3.3%   |                  |                  |
| Adjusted Patient Days                    | 0.9%  | 1.6%   |                  |                  |
| Revenue Per Adjusted Admission           | 4.4%  | 4.5%   |                  |                  |
| Revenue Per Adjusted Patient Day         | 6.5%  | 6.2%   |                  |                  |
| <b>UHS Consolidated</b>                  |   |  |                  |                  |
|  | <u>Third Quarter Ended</u>                      | <u>Nine months Ended</u>                         |                  |                  |
|  | <u>9/30/2006</u>                                | <u>9/30/2005</u>                                 | <u>9/30/2006</u> | <u>9/30/2005</u> |
| Revenues                                 | \$1,043,457                                     | \$970,772  | \$3,125,419      | \$2,968,305      |
| EBITDA (1)                               | 96,506  | 107,152  | 334,175          | 347,430          |
| EBITDA Margin (1)                        | 9.2%  | 11.0%  | 10.7%            | 11.7%            |
| Cash Flow From Operations                | 60,948  | 126,005  | 250,020          | 356,443          |
| Days Sales Outstanding                   | 52  | 48   | 51               | 46               |
| Capital Expenditures                     | 80,335  | 62,496   | 233,008          | 171,343          |
| Debt (net of cash)                       | —   | —  | 453,126          | \$ 450,019       |
| Shareholders Equity                      | —   | —  | 1,496,445        | \$1,223,997      |
| Debt / Total Capitalization              | —   | —  | 23.2%            | 26.9%            |
| Debt / EBITDA (2)                        | —   | —  | 1.05             | 1.00             |
| Debt / Cash From Operations (2)          | —   | —  | 1.42             | 1.03             |
| Acute Care EBITDAR Margin (3) (4)        | 13.0%   | 13.0%  | 14.0%            | 14.4%            |
| Behavioral Health EBITDAR Margin (3) (4) | 22.5%   | 23.2%  | 23.6%            | 24.4%            |

- (1) Net of Minority Interest  
(2) Latest 4 quarters  
(3) Before Corporate overhead allocation and minority interest  
(4) Excluding discontinued operations

**UNIVERSAL HEALTH SERVICES, INC.**  
**SELECTED HOSPITAL STATISTICS**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2006**

| AS REPORTED:               | ACUTE (1) (2) |             |          | BEHAVIORAL HEALTH |           |          |
|----------------------------|---------------|-------------|----------|-------------------|-----------|----------|
|                            | 09/30/06      | 09/30/05    | % change | 09/30/06          | 09/30/05  | % change |
| Hospitals owned and leased | 21            | 24          | -12.5%   | 79                | 45        | 75.6%    |
| Average licensed beds      | 5,139         | 5,557       | -7.5%    | 6,640             | 4,517     | 47.0%    |
| Patient days               | 268,537       | 275,148     | -2.4%    | 467,860           | 335,825   | 39.3%    |
| Average daily census       | 2,918.9       | 2,990.7     | -2.4%    | 5,085.4           | 3,650.3   | 39.3%    |
| Occupancy-licensed beds    | 56.8%         | 53.8%       | 5.5%     | 76.6%             | 80.8%     | -5.2%    |
| Admissions                 | 60,656        | 62,502      | -3.0%    | 28,100            | 25,724    | 9.2%     |
| Length of stay             | 4.4           | 4.4         | 0.6%     | 16.6              | 13.1      | 27.5%    |
| Inpatient revenue          | \$1,813,162   | \$1,752,146 | 3.5%     | \$416,515         | \$336,676 | 23.7%    |
| Outpatient revenue         | 717,752       | 707,282     | 1.5%     | 47,809            | 45,111    | 6.0%     |
| Total patient revenue      | 2,530,914     | 2,459,428   | 2.9%     | 464,324           | 381,787   | 21.6%    |
| Other revenue              | 11,014        | 12,352      | -10.8%   | 7,546             | 7,122     | 6.0%     |
| Gross hospital revenue     | 2,541,928     | 2,471,780   | 2.8%     | 471,870           | 388,909   | 21.3%    |
| Total deductions           | 1,764,296     | 1,708,052   | 3.3%     | 217,700           | 193,839   | 12.3%    |
| Net hospital revenue       | \$ 777,632    | \$ 763,728  | 1.8%     | \$254,170         | \$195,070 | 30.3%    |

| SAME FACILITY:             | ACUTE (1) (3) |          |          | BEHAVIORAL HEALTH (4) |          |          |
|----------------------------|---------------|----------|----------|-----------------------|----------|----------|
|                            | 09/30/06      | 09/30/05 | % change | 09/30/06              | 09/30/05 | % change |
| Hospitals owned and leased | 21            | 21       | 0.0%     | 45                    | 45       | 0.0%     |
| Average licensed beds      | 5,139         | 5,012    | 2.5%     | 4,551                 | 4,517    | 0.8%     |
| Patient days               | 268,557       | 256,358  | 4.8%     | 339,738               | 335,800  | 1.2%     |
| Average daily census       | 2,919.1       | 2,786.5  | 4.8%     | 3,692.8               | 3,650.0  | 1.2%     |
| Occupancy-licensed beds    | 56.8%         | 55.6%    | 2.2%     | 81.1%                 | 80.8%    | 0.4%     |
| Admissions                 | 60,656        | 59,547   | 1.9%     | 26,494                | 25,724   | 3.0%     |
| Length of stay             | 4.4           | 4.3      | 2.8%     | 12.8                  | 13.1     | -1.8%    |

- (1) Does not include hospitals located in France or discontinued operations.
- (2) Does not include discontinued operations. Licensed beds from our Acute care hospitals located in New Orleans are excluded in 2006.
- (3) Discontinued operations and our three acute care hospitals located in New Orleans are excluded in current and prior years.
- (4) Academy at Canyon Creek, Ascent, Boulder Creek, Casa de Lago, Cedar Ridge RTC & Hospital, Center for Change, NorthStar RTC, Northwest Academy, Wyoming Behavioral and the Keystone facilities are excluded in current and prior year. King George School is included in both current and prior years from September 1st through YTD.

**UNIVERSAL HEALTH SERVICES, INC.**  
**SELECTED HOSPITAL STATISTICS**  
**FOR THE NINE MONTHS ENDED**  
**SEPTEMBER 30, 2006**

| AS REPORTED:               | ACUTE (1) (2) |             |          | BEHAVIORAL HEALTH |             |          |
|----------------------------|---------------|-------------|----------|-------------------|-------------|----------|
|                            | 09/30/06      | 09/30/05    | % change | 09/30/06          | 09/30/05    | % change |
| Hospitals owned and leased | 21            | 24          | -12.5%   | 79                | 45          | 75.6%    |
| Average licensed beds      | 5,047         | 5,553       | -9.1%    | 6,492             | 4,462       | 45.5%    |
| Patient days               | 819,711       | 877,216     | -6.6%    | 1,386,299         | 1,004,913   | 38.0%    |
| Average daily census       | 3,002.6       | 3,213.2     | -6.6%    | 5,078.0           | 3,681.0     | 38.0%    |
| Occupancy-licensed beds    | 59.5%         | 57.9%       | 2.8%     | 78.2%             | 82.5%       | -5.2%    |
| Admissions                 | 184,374       | 193,894     | -4.9%    | 84,100            | 76,752      | 9.6%     |
| Length of stay             | 4.4           | 4.5         | -1.7%    | 16.5              | 13.1        | 25.9%    |
| Inpatient revenue          | \$5,607,700   | \$5,538,861 | 1.2%     | \$1,244,739       | \$1,007,384 | 23.6%    |
| Outpatient revenue         | 2,147,156     | 2,116,715   | 1.4%     | 154,605           | 145,092     | 6.6%     |
| Total patient revenue      | 7,754,856     | 7,655,576   | 1.3%     | 1,399,344         | 1,152,476   | 21.4%    |
| Other revenue              | 37,871        | 39,850      | -5.0%    | 24,092            | 23,801      | 1.2%     |
| Gross hospital revenue     | 7,792,727     | 7,695,426   | 1.3%     | 1,423,436         | 1,176,277   | 21.0%    |
| Total deductions           | 5,469,167     | 5,344,201   | 2.3%     | 656,020           | 592,259     | 10.8%    |
| Net hospital revenue       | \$2,323,560   | \$2,351,225 | -1.2%    | \$ 767,416        | \$ 584,018  | 31.4%    |

| SAME FACILITY:             | ACUTE (1) (3) |          |          | BEHAVIORAL HEALTH (4) |           |          |
|----------------------------|---------------|----------|----------|-----------------------|-----------|----------|
|                            | 09/30/06      | 09/30/05 | % change | 09/30/06              | 09/30/05  | % change |
| Hospitals owned and leased | 21            | 21       | 0.0%     | 45                    | 45        | 0.0%     |
| Average licensed beds      | 5,047         | 5,008    | 0.8%     | 4,502                 | 4,462     | 0.9%     |
| Patient days               | 819,710       | 800,354  | 2.4%     | 1,022,303             | 1,004,886 | 1.7%     |
| Average daily census       | 3,002.6       | 2,931.7  | 2.4%     | 3,744.7               | 3,680.9   | 1.7%     |
| Occupancy-licensed beds    | 59.5%         | 58.5%    | 1.6%     | 83.2%                 | 82.5%     | 0.8%     |
| Admissions                 | 184,374       | 181,735  | 1.5%     | 79,445                | 76,752    | 3.5%     |
| Length of stay             | 4.4           | 4.4      | 1.0%     | 12.9                  | 13.1      | -1.7%    |

- (1) Does not include hospitals located in France or discontinued operations.
- (2) Does not include discontinued operations. Licensed beds from our Acute care hospitals located in New Orleans are excluded in 2006.
- (3) Discontinued operations and our three acute care hospitals located in New Orleans are excluded in current and prior years.
- (4) Academy at Canyon Creek, Ascent, Boulder Creek, Casa de Lago, Cedar Ridge RTC & Hospital, Center for Change, NorthStar RTC, Northwest Academy, Wyoming Behavioral and the Keystone facilities are excluded in current and prior year. King George School is included in both current and prior years from September 1st through YTD.