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

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**FORM 8-K**

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

**Date of Report (Date of earliest event reported): July 25, 2014 (July 24, 2014)**

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**UNIVERSAL HEALTH SERVICES, INC.**

(Exact name of registrant as specified in its charter)

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**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)

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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))
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Item 2.02 Results of Operations and Financial Condition

On July 24, 2014, Universal Health Services, Inc. issued the press release attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits. 99.1 Universal Health Services, Inc., press release, dated July 24, 2014.

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/ Steve Filton

Name: Steve Filton

Title: Senior Vice President and Chief Financial Officer

Date: July 25, 2014

Exhibit Index

Exhibit  
No.

Exhibit

99.1 Universal Health Services, Inc., press release, dated July 24, 2014.

FOR IMMEDIATE RELEASE

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

July 24, 2014

**UNIVERSAL HEALTH SERVICES, INC. REPORTS**  
**2014 SECOND QUARTER FINANCIAL RESULTS, INCREASES 2014 FULL YEAR EARNINGS GUIDANCE AND ANNOUNCES SHARE**  
**REPURCHASE PROGRAM**

*Consolidated Results of Operations, As Reported – Three and six-month periods ended June 30, 2014 and 2013:*

KING OF PRUSSIA, PA – Universal Health Services, Inc. (NYSE: UHS) announced today that its reported net income attributable to UHS was \$151.7 million, or \$1.51 per diluted share, during the second quarter of 2014 as compared to \$151.8 million, or \$1.53 per diluted share, during the comparable quarter of 2013.

Net revenues increased 10.0% to \$2.02 billion during the second quarter of 2014 as compared to \$1.83 billion during the second quarter of 2013. Included in our net revenues during the second quarter of 2014 was approximately \$15 million of additional net revenues recorded in connection with the Texas Medicaid Waiver (approximately \$9 million applicable to the period of April 1, 2013 through June 30, 2014) and the Texas Delivery Service Reform Incentive Payment programs (approximately \$6 million applicable to the period of October 1, 2013 through March 31, 2014).

Reported net income attributable to UHS was \$289.7 million, or \$2.89 per diluted share, during the first six months of 2014 as compared to \$271.6 million, or \$2.75 per diluted share, during the comparable period of 2013. Net revenues increased 7.5% to \$3.94 billion during the first six months of 2014 as compared to \$3.67 billion during the comparable period of 2013.

“We remain pleased with the underlying strength of our two businesses”, said Alan B. Miller, Chief Executive Officer. “The reduction in uncompensated care at our acute care hospitals resulting both from healthcare reform and improvements in the underlying economy partially reverses a trend that had been hindering our results for an extended period of time”.

*Consolidated Results of Operations, As Adjusted – Three and six-month periods ended June 30, 2014 and 2013:*

For the three-month period ended June 30, 2014, our adjusted net income attributable to UHS, as calculated on the attached Schedule of Non-GAAP Supplemental Consolidated Statements of Income Information (“Supplemental Schedule”), increased approximately 30% to \$155.6 million, or \$1.55 per diluted share, as compared to \$118.9 million, or \$1.20 per diluted share, during the second quarter of 2013.

Included in our reported and adjusted net income attributable to UHS during the second quarter of 2014 is the after-tax impact of approximately \$9 million, or \$.09 per diluted share, resulting from

above-mentioned \$15 million of net revenues recorded in connection with the Texas Medicaid Waiver and the Texas Delivery Service Reform Incentive Payment programs. Approximately \$6 million, or \$.06 per diluted share, of this amount was attributable to periods prior to the second quarter of 2014. Also during the second quarter of 2014, we recorded an increase to the already established reserve in connection with the previously disclosed Garden City Employees' Retirement System v. PSI matter. The increase in the reserve recorded during the second quarter of 2014 did not have a material impact on our financial statements. The trial in this matter is scheduled to begin in mid-September, 2014. Should we be deemed liable or enter into a settlement agreement related to this matter, we believe we would be entitled to commercial insurance recoveries for at least a portion of amounts paid by us, subject to certain limitations and deductibles. Although we cannot predict the outcome, it is possible the commercial insurance recoveries may not be sufficient to cover the ultimate disposition of this matter (including related legal fees) which would make us liable for a potentially material excess amount.

As reflected on the Supplemental Schedule, included in our reported results during the second quarter of 2014 was an aggregate net unfavorable after-tax impact of approximately \$3.9 million, or \$.04 per diluted share, related to the incentive income and depreciation and amortization expense recorded in connection with the implementation of electronic health records ("EHR") applications at our acute care hospitals.

As reflected on the Supplemental Schedule, included in our reported results during the second quarter of 2013 was: (i) a net favorable after-tax impact of \$37.8 million, or \$.38 per diluted share, resulting from a reduction to our professional and general liability self-insurance reserves relating to years prior to 2013, based upon a reserve analysis, and; (ii) an unfavorable after-tax impact of approximately \$4.9 million, or \$.05 per diluted share, related to the incentive income and expenses recorded in connection with the implementation of EHR applications.

For the six-month period ended June 30, 2014, our adjusted net income attributable to UHS, as calculated on the attached Supplemental Schedule, increased approximately 22% to \$292.3 million, or \$2.92 per diluted share, as compared to \$239.1 million, or \$2.42 per diluted share, during the comparable period of 2013.

As reflected on the Supplemental Schedule, included in our reported results during the six-month period ended June 30, 2014 was: (i) an aggregate net unfavorable after-tax impact of approximately \$8.9 million, or \$.09 per diluted share, related to the incentive income and depreciation and amortization expense recorded in connection with the implementation of EHR applications, and; (ii) a favorable after-tax impact of \$6.3 million, or \$.06 per diluted share, resulting from a gain realized on the sale of a non-operating investment during the first quarter of 2014.

Included in our reported results during the six-month period ended June 30, 2013 was the above-mentioned net favorable after-tax impact of \$37.8 million, or \$.38 per diluted share, resulting from a reduction to our professional and general liability self-insurance reserves relating years prior to 2013, and an unfavorable after-tax impact of approximately \$5.3 million, or \$.05 per diluted share, related to the incentive income and expenses recorded in connection with the implementation of EHR applications.

Acute Care Services – Three and six-month periods ended June 30, 2014 and 2013:

During the second quarter of 2014, at our acute care hospitals owned during both periods (“same facility basis”), adjusted admissions (adjusted for outpatient activity) increased 3.6% and adjusted patient days increased 7.9%, as compared to the second quarter of 2013. Net revenues at these facilities increased 11.5% during the second quarter of 2014 as compared to the comparable quarter of the prior year. At these facilities, net revenue per adjusted admission increased 7.7% while net revenue per adjusted patient day increased 3.3% during the second quarter of 2014 as compared to the comparable quarter of 2013. On a same facility basis, the operating margin at our acute care hospitals increased to 19.2% during the second quarter of 2014 as compared to 14.8% during the second quarter of 2013. We define operating margin as net revenues less salaries, wages and benefits, other operating expenses and supplies expense (excluding the EHR impact, as indicated on the Supplemental Schedule).

During the first six months of 2014, at our acute care hospitals on a same facility basis, adjusted admissions increased 1.5% and adjusted patient days increased 6.2%, as compared to the comparable period of 2013. Net revenues at these facilities increased 8.6% during the first six months of 2014 as compared to the comparable period of the prior year. At these facilities, net revenue per adjusted admission increased 7.0% while net revenue per adjusted patient day increased 2.2% during the first six months of 2014 as compared to the comparable period of 2013. On a same facility basis, the operating margin at our acute care hospitals increased to 19.5% during the first six months of 2014 as compared to 15.4% during the comparable period of 2013.

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 gross charges, amounting to approximately \$267 million and \$258 million during the three-month periods ended June 30, 2014 and 2013, respectively, and \$586 million and \$489 million during the six-month periods ended June 30, 2014 and 2013, respectively. The increase in charity care and uninsured discounts during the three and six-month periods ended June 30, 2014 was offset by a decrease in the provision for doubtful accounts which amounted to approximately \$149 million and \$216 million during the three-month periods ended June 30, 2014 and 2013, respectively, and \$331 million and \$434 million during the six-month periods ended June 30, 2014 and 2013, respectively. During the three and six-month periods ended June 30, 2014, as compared to the comparable periods of 2013, our acute care hospitals experienced a decrease in the aggregate of charity care, uninsured discounts and provision for doubtful accounts as a percentage of gross charges.

Behavioral Health Care Services – Three and six-month periods ended June 30, 2014 and 2013:

During the second quarter of 2014, at our behavioral health care facilities on a same facility basis, adjusted admissions increased 4.4% while adjusted patient days increased 1.8% compared to the second quarter of 2013. At these facilities, net revenue per adjusted admission remained unchanged while net revenue per adjusted patient day increased 2.6% during the second quarter of 2014 over the comparable quarter in 2013. On a same facility basis, our behavioral health services’ net revenues increased 5.9% during the second quarter of 2014, as compared to the comparable quarter in 2013, and the operating margins were 28.6% and 28.7% during the three-month periods ended June 30, 2014 and 2013, respectively.

During the six-month period ended June 30, 2014, at our behavioral health care facilities on a same facility basis, adjusted admissions increased 3.4% while adjusted patient days increased 1.0%

compared to the comparable period of 2013. At these facilities, net revenue per adjusted admission remained unchanged while net revenue per adjusted patient day increased 2.3% during the first six months of 2014 over the comparable period of 2013. On a same facility basis, our behavioral health services' net revenues increased 4.8% during the first six months of 2014, as compared to the comparable period of 2013, and the operating margins were 28.2% and 28.6% during the six-month periods ended June 30, 2014 and 2013, respectively.

2014 Full Year Earnings Guidance Increase:

Based upon the operating trends and financial results experienced during the first six months of 2014, we are increasing our estimated range of adjusted net income attributable to UHS, for the year ended December 31, 2014, to \$5.55 to \$5.85 per diluted share. This revised guidance, which excludes the expected EHR impact for the year, as well as the impact of the other item reflected on the Supplemental Schedule for the six months ended June 30, 2014, represents an increase of approximately 15% to 16% from the previously provided range of \$4.80 to \$5.10 per diluted share.

This guidance range also excludes the impact of future items, if applicable, that are nonrecurring or non-operational in nature including items such as, but not limited to, gains on sales of assets and businesses, costs related to extinguishment of debt, reserves for settlements, legal judgments and lawsuits, impairments of long-lived assets, impact of share repurchases and other material amounts that may be reflected in our financial statements that relate to prior periods. It is also subject to certain conditions including those as set forth below in *General Information, Forward-Looking Statements and Risk Factors and Non-GAAP Financial Measures*.

Share Repurchase Program and Declaration of Increased Quarterly Dividend:

Our Board of Directors has authorized a stock repurchase program whereby, from time to time as conditions allow, we may spend up to \$400 million to purchase shares of our Class B Common Stock on the open market or in negotiated private transactions. In conjunction with this program, remaining authorizations under previously announced stock repurchase programs are cancelled.

Our Board of Directors also authorized a \$.05 per share increase to our quarterly cash dividend to \$.10 per share. The dividend is payable on September 16, 2014 to shareholders of record as of September 2, 2014.

Conference call information:

We will hold a conference call for investors and analysts at 9:00 a.m. eastern time on July 25, 2014. The dial-in number is 1-877-648-7971.

A live broadcast of the conference call will be available on our website at [www.uhsinc.com](http://www.uhsinc.com). A replay of the call will be available following the conclusion of the live call and will be available for one full year.

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 acute care and behavioral health hospitals and ambulatory centers nationwide and in Puerto Rico and the U.S. Virgin Islands. 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 *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, 2013 and in *Item 2-Forward Looking Statements and Risk Factors* in our Form 10-Q for the quarterly period ended March 31, 2014), 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.

Our acute care hospitals are eligible for Medicare and Medicaid EHR incentive payments upon implementation of the EHR application, once they have demonstrated meaningful use of certified EHR technology for the applicable stage or have completed attestations to their adoption or implementation of certified EHR technology. However, there may be timing differences in the recognition of the incentive income and expenses recorded in connection with the implementation of the EHR application which may cause material period-to-period changes in our future results of operations. Hospitals that do not qualify as a meaningful user of EHR by 2015 are subject to a reduced market basket update to the inpatient prospective payment system standardized amount in 2015 and each subsequent fiscal year. Although we believe that our acute care hospitals will be in compliance with the EHR standards by 2015, there can be no assurance that all of our facilities will be in compliance and therefore not subject to the penalty provision of the HITECH Act.

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 material items that are nonrecurring or non-operational in nature including items such as, but not limited to, costs related to extinguishment of debt, gains on sales of assets and businesses, reserves for settlements, legal judgments and lawsuits, impairments of long-lived assets 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, 2013 and our Report on Form 10-Q for the quarterly period ended March 31, 2014. 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

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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 June 30, |                   | Six months<br>ended June 30, |                   |
|---|--------------------------------|-------------------|------------------------------|-------------------|
|   | 2014                           | 2013              | 2014                         | 2013              |
| Net revenues before provision for doubtful accounts   | \$2,195,776                    | \$2,081,662       | \$4,324,126                  | \$4,160,010       |
| Less: Provision for doubtful accounts                 | 175,955                        | 246,687           | 384,139                      | 493,403           |
| Net revenues  | <u>2,019,821</u>               | <u>1,834,975</u>  | <u>3,939,987</u>             | <u>3,666,607</u>  |
| <i>Operating charges:</i>                             |                                |                   |                              |                   |
| Salaries, wages and benefits                          | 961,920                        | 897,334           | 1,897,285                    | 1,799,630         |
| Other operating expenses                              | 428,720                        | 325,562           | 810,480                      | 706,569           |
| Supplies expense                                      | 223,774                        | 202,344           | 439,572                      | 406,986           |
| Depreciation and amortization                         | 90,691                         | 81,682            | 184,050                      | 161,494           |
| Lease and rental expense                              | 23,458                         | 24,082            | 46,796                       | 48,747            |
| Electronic health records incentive income            | (2,174)                        | (83)              | (2,604)                      | (4,795)           |
|   | <u>1,726,389</u>               | <u>1,530,921</u>  | <u>3,375,579</u>             | <u>3,118,631</u>  |
| Income from operations                                | 293,432                        | 304,054           | 564,408                      | 547,976           |
| Interest expense, net                                 | 35,087                         | 38,236            | 70,280                       | 78,174            |
| Income before income taxes                            | 258,345                        | 265,818           | 494,128                      | 469,802           |
| Provision for income taxes                            | 91,731                         | 98,015            | 175,662                      | 172,064           |
| Net income  | 166,614                        | 167,803           | 318,466                      | 297,738           |
| Less: Income attributable to noncontrolling interests | 14,943                         | 15,962            | 28,717                       | 26,113            |
| Net income attributable to UHS                        | <u>\$ 151,671</u>              | <u>\$ 151,841</u> | <u>\$ 289,749</u>            | <u>\$ 271,625</u> |
| Basic earnings per share attributable to UHS (a)      | <u>\$ 1.53</u>                 | <u>\$ 1.55</u>    | <u>\$ 2.93</u>               | <u>\$ 2.77</u>    |
| Diluted earnings per share attributable to UHS (a)    | <u>\$ 1.51</u>                 | <u>\$ 1.53</u>    | <u>\$ 2.89</u>               | <u>\$ 2.75</u>    |

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

|   | Three months<br>ended June 30, |                   | Six months<br>ended June 30, |                   |
|---|--------------------------------|-------------------|------------------------------|-------------------|
|   | 2014                           | 2013              | 2014                         | 2013              |
| <b>(a) Earnings per share calculation:</b>                        |                                |                   |                              |                   |
| <b>Basic and diluted:</b>   |                                |                   |                              |                   |
| Net income attributable to UHS                                    | \$ 151,671                     | \$ 151,841        | \$ 289,749                   | \$ 271,625        |
| Less: Net income attributable to unvested restricted share grants | (77)                           | (88)              | (147)                        | (157)             |
| Net income attributable to UHS - basic and diluted                | <u>\$ 151,594</u>              | <u>\$ 151,753</u> | <u>\$ 289,602</u>            | <u>\$ 271,468</u> |
| Weighted average number of common shares - basic                  | <u>98,872</u>                  | <u>98,033</u>     | <u>98,722</u>                | <u>97,872</u>     |
| Basic earnings per share attributable to UHS:                     | <u>\$ 1.53</u>                 | <u>\$ 1.55</u>    | <u>\$ 2.93</u>               | <u>\$ 2.77</u>    |
| Weighted average number of common shares                          | 98,872                         | 98,033            | 98,722                       | 97,872            |
| Add: Other share equivalents                                      | 1,363                          | 1,178             | 1,474                        | 1,019             |
| Weighted average number of common shares and equiv. - diluted     | <u>100,235</u>                 | <u>99,211</u>     | <u>100,196</u>               | <u>98,891</u>     |
| Diluted earnings per share attributable to UHS:                   | <u>\$ 1.51</u>                 | <u>\$ 1.53</u>    | <u>\$ 2.89</u>               | <u>\$ 2.75</u>    |

**Universal Health Services, Inc.**  
**Schedule of Non-GAAP Supplemental Consolidated Statements of Income Information (“Supplemental Schedule”)**  
**For the three months ended June 30, 2014 and 2013**  
(in thousands, except per share amounts)  
(unaudited)

**Calculation of “EBITDA”**

|   | <u>Three months ended<br/>June 30, 2014</u> |              | <u>Three months ended<br/>June 30, 2013</u> |              |
|---|---|--------------|---|--------------|
| Net revenues before provision for doubtful accounts   | \$2,195,776                                 |              | \$2,081,662                                 |              |
| Less: Provision for doubtful accounts   | 175,955                                     |              | 246,687                                     |              |
| Net revenues  | 2,019,821                                   | 100.0%       | 1,834,975                                   | 100.0%       |
| Operating charges:  |   |              |   |              |
| Salaries, wages and benefits  | 961,920                                     | 47.6%        | 897,334                                     | 48.9%        |
| Other operating expenses  | 428,720                                     | 21.2%        | 325,562                                     | 17.7%        |
| Supplies expense  | 223,774                                     | 11.1%        | 202,344                                     | 11.0%        |
| EHR incentive income  | (2,174)                                     | -0.1%        | (83)  | 0.0%         |
|   | <u>1,612,240</u>                            | <u>79.8%</u> | <u>1,425,157</u>                            | <u>77.7%</u> |
| Operating income/margin (“EBITDAR”)   | 407,581                                     | 20.2%        | 409,818                                     | 22.3%        |
| Lease and rental expense  | 23,458                                      |              | 24,082                                      |              |
| Income attributable to noncontrolling interests   | 14,943                                      |              | 15,962                                      |              |
| Earnings before, depreciation and amortization, interest expense, and income taxes (“EBITDA”) | 369,180                                     | 18.3%        | 369,774                                     | 20.2%        |
| Depreciation and amortization   | 90,691                                      |              | 81,682                                      |              |
| Interest expense, net   | 35,087                                      |              | 38,236                                      |              |
| Income before income taxes  | 243,402                                     |              | 249,856                                     |              |
| Provision for income taxes  | 91,731                                      |              | 98,015                                      |              |
| Net income attributable to UHS  | <u>\$ 151,671</u>                           |              | <u>\$ 151,841</u>                           |              |

**Calculation of Adjusted Net Income Attributable to UHS**

|   | <u>Three months ended<br/>June 30, 2014</u> |                              | <u>Three months ended<br/>June 30, 2013</u> |                              |
|---|---|------------------------------|---|------------------------------|
|   | <u>Amount</u>                               | <u>Per<br/>Diluted Share</u> | <u>Amount</u>                               | <u>Per<br/>Diluted Share</u> |
| <b><u>Calculation of Adjusted Net Income Attributable to UHS - including and excluding EHR impact:</u></b>                    |   |                              |   |                              |
| Net income attributable to UHS  | \$151,671                                   | \$ 1.51                      | \$151,841                                   | \$ 1.53                      |
| Plus/minus adjustments:   |   |                              |   |                              |
| Reduction of reserves relating to prior years for professional and general liability self-insured claims, net of income taxes | —   | —                            | (37,826)                                    | (0.38)                       |
| Adjusted net income attributable to UHS - including Electronic Health Records (“EHR”) impact                                  | <u>\$151,671</u>                            | <u>\$ 1.51</u>               | <u>\$114,015</u>                            | <u>\$ 1.15</u>               |
| Plus/minus impact of EHR implementation:  |   |                              |   |                              |
| EHR-related incentive income, pre-tax   | (2,174)                                     |                              | (83)  |                              |
| EHR-related salaries, wages and benefits, pre-tax   | —   |                              | (88)  |                              |
| EHR-related other operating costs, pre-tax  | —   |                              | 2,053                                       |                              |
| EHR-related depreciation & amortization, pre-tax  | 9,310                                       |                              | 7,006                                       |                              |
| EHR-related minority interest in earnings of consolidated entities, pre-tax   | (871)                                       |                              | (984)                                       |                              |
| Income tax provision on EHR-related items   | (2,350)                                     |                              | (2,977)                                     |                              |
| After-tax impact of EHR-related items   | <u>3,915</u>                                | <u>0.04</u>                  | <u>4,927</u>                                | <u>0.05</u>                  |
| Adjusted net income attributable to UHS   | <u>\$155,586</u>                            | <u>\$ 1.55</u>               | <u>\$118,942</u>                            | <u>\$ 1.20</u>               |

**Universal Health Services, Inc.**  
**Schedule of Non-GAAP Supplemental Consolidated Statements of Income Information (“Supplemental Schedule”)**  
**For the six months ended June 30, 2014 and 2013**  
(in thousands, except per share amounts)  
(unaudited)

**Calculation of “EBITDA”**

|   | Six months ended<br>June 30, 2014 |              | Six months ended<br>June 30, 2013 |              |
|---|-----------------------------------|--------------|-----------------------------------|--------------|
| Net revenues before provision for doubtful accounts   | \$4,324,126                       |              | \$4,160,010                       |              |
| Less: Provision for doubtful accounts   | 384,139                           |              | 493,403                           |              |
| Net revenues  | 3,939,987                         | 100.0%       | 3,666,607                         | 100.0%       |
| Operating charges:  |                                   |              |                                   |              |
| Salaries, wages and benefits  | 1,897,285                         | 48.2%        | 1,799,630                         | 49.1%        |
| Other operating expenses  | 810,480                           | 20.6%        | 706,569                           | 19.3%        |
| Supplies expense  | 439,572                           | 11.2%        | 406,986                           | 11.1%        |
| EHR incentive income  | (2,604)                           | -0.1%        | (4,795)                           | -0.1%        |
|   | <u>3,144,733</u>                  | <u>79.8%</u> | <u>2,908,390</u>                  | <u>79.3%</u> |
| Operating income/margin (“EBITDAR”)   | 795,254                           | 20.2%        | 758,217                           | 20.7%        |
| Lease and rental expense  | 46,796                            |              | 48,747                            |              |
| Income attributable to noncontrolling interests   | 28,717                            |              | 26,113                            |              |
| Earnings before, depreciation and amortization, interest expense, and income taxes (“EBITDA”) | 719,741                           | 18.3%        | 683,357                           | 18.6%        |
| Depreciation and amortization   | 184,050                           |              | 161,494                           |              |
| Interest expense, net   | 70,280                            |              | 78,174                            |              |
| Income before income taxes  | 465,411                           |              | 443,689                           |              |
| Provision for income taxes  | 175,662                           |              | 172,064                           |              |
| Net income attributable to UHS  | <u>\$ 289,749</u>                 |              | <u>\$ 271,625</u>                 |              |

**Calculation of Adjusted Net Income Attributable to UHS**

|   | Six months ended<br>June 30, 2014 |                      | Six months ended<br>June 30, 2013 |                      |
|---|-----------------------------------|----------------------|-----------------------------------|----------------------|
|   | Amount                            | Per<br>Diluted Share | Amount                            | Per<br>Diluted Share |
| <b><u>Calculation of Adjusted Net Income Attributable to UHS - including and excluding EHR impact:</u></b>                    |                                   |                      |                                   |                      |
| Net income attributable to UHS  | \$289,749                         | \$ 2.89              | \$271,625                         | \$ 2.75              |
| Plus/minus adjustments:   |                                   |                      |                                   |                      |
| Gain on sale of investment, net of income taxes   | (6,330)                           | (0.06)               |                                   |                      |
| Reduction of reserves relating to prior years for professional and general liability self-insured claims, net of income taxes | —                                 | —                    | (37,826)                          | (0.38)               |
| Adjusted net income attributable to UHS - including Electronic Health Records (“EHR”) impact                                  | <u>\$283,419</u>                  | <u>\$ 2.83</u>       | <u>\$233,799</u>                  | <u>\$ 2.37</u>       |
| Plus/minus impact of EHR implementation:  |                                   |                      |                                   |                      |
| EHR-related incentive income, pre-tax   | (2,604)                           |                      | (4,795)                           |                      |
| EHR-related salaries, wages and benefits, pre-tax   | 0                                 |                      | 238                               |                      |
| EHR-related other operating costs, pre-tax  | 0                                 |                      | 2,018                             |                      |
| EHR-related depreciation & amortization, pre-tax  | 18,600                            |                      | 12,492                            |                      |
| EHR-related minority interest in earnings of consolidated entities, pre-tax   | (1,837)                           |                      | (1,525)                           |                      |
| Income tax provision on EHR-related items   | (5,298)                           |                      | (3,174)                           |                      |
| After-tax impact of EHR-related items   | <u>8,861</u>                      | <u>0.09</u>          | <u>5,254</u>                      | <u>0.05</u>          |
| Adjusted net income attributable to UHS   | <u>\$292,280</u>                  | <u>\$ 2.92</u>       | <u>\$239,053</u>                  | <u>\$ 2.42</u>       |

**Universal Health Services, Inc.**  
**Consolidated Statements of Comprehensive Income**  
(in thousands)  
(unaudited)

|   | Three months<br>ended June 30, |                  | Six months<br>ended June 30, |                  |
|---|--------------------------------|------------------|------------------------------|------------------|
|   | 2014                           | 2013             | 2014                         | 2013             |
| Net income  | \$166,614                      | \$167,803        | \$318,466                    | \$297,738        |
| Other comprehensive income (loss):                                  |                                |                  |                              |                  |
| Unrealized derivative gains (loss) on cash flow hedges              | 4,465                          | 5,282            | 8,210                        | 9,817            |
| Amortization of terminated hedge                                    | (84)                           | (84)             | (168)                        | (168)            |
| Other comprehensive income before tax                               | 4,381                          | 5,198            | 8,042                        | 9,649            |
| Income tax expense related to items of other comprehensive income   | 1,620                          | 1,960            | 2,974                        | 3,638            |
| Total other comprehensive income, net of tax                        | 2,761                          | 3,238            | 5,068                        | 6,011            |
| Comprehensive income  | 169,375                        | 171,041          | 323,534                      | 303,749          |
| Less: Comprehensive income attributable to noncontrolling interests | 14,943                         | 15,962           | 28,717                       | 26,113           |
| Comprehensive income attributable to UHS                            | <u>\$154,432</u>               | <u>\$155,079</u> | <u>\$294,817</u>             | <u>\$277,636</u> |

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

|   | <b>June 30,<br/>2014</b> | <b>December 31,<br/>2013</b> |
|---|--------------------------|------------------------------|
| <b>Assets</b>                               |                          |                              |
| <b>Current assets:</b>                      |                          |                              |
| Cash and cash equivalents                   | \$ 14,732                | \$ 17,238                    |
| Accounts receivable, net                    | 1,186,012                | 1,116,961                    |
| Supplies                                    | 104,280                  | 101,781                      |
| Deferred income taxes                       | 107,359                  | 119,903                      |
| Other current assets                        | 117,498                  | 76,446                       |
| Total current assets                        | <u>1,529,881</u>         | <u>1,432,329</u>             |
| Property and equipment                      | 5,901,163                | 5,691,902                    |
| Less: accumulated depreciation              | (2,386,484)              | (2,249,733)                  |
|   | <u>3,514,679</u>         | <u>3,442,169</u>             |
| <b>Other assets:</b>                        |                          |                              |
| Goodwill                                    | 3,089,172                | 3,049,016                    |
| Deferred charges                            | 48,976                   | 57,881                       |
| Other                                       | 365,364                  | 330,328                      |
|   | <u>\$ 8,548,072</u>      | <u>\$ 8,311,723</u>          |
| <b>Liabilities and Stockholders' Equity</b> |                          |                              |
| <b>Current liabilities:</b>                 |                          |                              |
| Current maturities of long-term debt        | \$ 77,686                | \$ 99,312                    |
| Accounts payable and accrued liabilities    | 1,038,187                | 953,449                      |
| Federal and state taxes                     | 0                        | 7,127                        |
| Total current liabilities                   | <u>1,115,873</u>         | <u>1,059,888</u>             |
| Other noncurrent liabilities                | 276,462                  | 284,589                      |
| Long-term debt                              | 3,070,311                | 3,209,762                    |
| Deferred income taxes                       | 254,573                  | 239,148                      |
| Redeemable noncontrolling interest          | 231,545                  | 218,107                      |
| UHS common stockholders' equity             | 3,546,134                | 3,249,979                    |
| Noncontrolling interest                     | 53,174                   | 50,250                       |
| Total equity                                | <u>3,599,308</u>         | <u>3,300,229</u>             |
|   | <u>\$ 8,548,072</u>      | <u>\$ 8,311,723</u>          |



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

|  | Six months<br>ended June 30, |                   |
|--|------------------------------|-------------------|
|  | 2014                         | 2013              |
| <b>Cash Flows from Operating Activities:</b>   |                              |                   |
| Net income   | \$ 318,466                   | \$ 297,738        |
| <i>Adjustments to reconcile net income to net cash provided by operating activities:</i>       |                              |                   |
| Depreciation & amortization  | 184,050                      | 161,677           |
| Gains on sales of assets and businesses, net of losses   | (10,134)                     | (2,277)           |
| Stock-based compensation expense   | 14,945                       | 13,579            |
| <i>Changes in assets &amp; liabilities, net of effects from acquisitions and dispositions:</i> |                              |                   |
| Accounts receivable  | (61,865)                     | (82,224)          |
| Accrued interest   | (271)                        | 13,199            |
| Accrued and deferred income taxes  | (9,435)                      | 3,280             |
| Other working capital accounts   | 17,739                       | 32,421            |
| Other assets and deferred charges  | 10,415                       | 9,069             |
| Other  | (4,092)                      | 4,083             |
| Accrued insurance expense, net of commercial premiums paid                                     | 38,520                       | (22,590)          |
| Payments made in settlement of self-insurance claims   | (39,922)                     | (37,038)          |
| Net cash provided by operating activities  | <u>458,416</u>               | <u>390,917</u>    |
| <b>Cash Flows from Investing Activities:</b>   |                              |                   |
| Property and equipment additions, net of disposals   | (186,786)                    | (175,944)         |
| Proceeds received from sale of assets and businesses   | 11,450                       | 34,008            |
| Cash paid/reserved related to acquisition of property and businesses                           | (71,000)                     | (1,320)           |
| Costs incurred for purchase and implementation of electronic health records application        | (8,399)                      | (33,396)          |
| Net cash used in investing activities  | <u>(254,735)</u>             | <u>(176,652)</u>  |
| <b>Cash Flows from Financing Activities:</b>   |                              |                   |
| Reduction of long-term debt  | (179,126)                    | (196,096)         |
| Additional borrowings  | 0                            | 11,000            |
| Repurchase of common shares  | (35,773)                     | (21,373)          |
| Dividends paid   | (9,884)                      | (9,795)           |
| Issuance of common stock   | 3,287                        | 2,735             |
| Excess income tax benefits related to stock-based compensation                                 | 28,493                       | 15,085            |
| Profit distributions to noncontrolling interests   | (13,184)                     | (26,734)          |
| Net cash used in financing activities  | <u>(206,187)</u>             | <u>(225,178)</u>  |
| Decrease in cash and cash equivalents  | (2,506)                      | (10,913)          |
| Cash and cash equivalents, beginning of period   | 17,238                       | 23,471            |
| Cash and cash equivalents, end of period   | <u>\$ 14,732</u>             | <u>\$ 12,558</u>  |
| <b>Supplemental Disclosures of Cash Flow Information:</b>                                      |                              |                   |
| Interest paid  | <u>\$ 60,078</u>             | <u>\$ 54,067</u>  |
| Income taxes paid, net of refunds  | <u>\$ 156,434</u>            | <u>\$ 152,553</u> |

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

**Same Facility:**

|   | <u>% Change<br/>Quarter Ended<br/>6/30/2014</u> | <u>% Change<br/>6 months ended<br/>6/30/2014</u> |
|---|---|--|
| <b><u>Acute Care Hospitals</u></b>        |   |  |
| Revenues                                  | 11.5%   | 8.6%   |
| Adjusted Admissions                       | 3.6%  | 1.5%   |
| Adjusted Patient Days                     | 7.9%  | 6.2%   |
| Revenue Per Adjusted Admission            | 7.7%  | 7.0%   |
| Revenue Per Adjusted Patient Day          | 3.3%  | 2.2%   |
| <b><u>Behavioral Health Hospitals</u></b> |   |  |
| Revenues                                  | 5.9%  | 4.8%   |
| Adjusted Admissions                       | 4.4%  | 3.4%   |
| Adjusted Patient Days                     | 1.8%  | 1.0%   |
| Revenue Per Adjusted Admission            | 0.0%  | 0.0%   |
| Revenue Per Adjusted Patient Day          | 2.6%  | 2.3%   |

**UHS Consolidated**

|                                      | <u>Second Quarter Ended</u> |                  | <u>Six months Ended</u> |                  |
|--------------------------------------|-----------------------------|------------------|-------------------------|------------------|
|                                      | <u>6/30/2014</u>            | <u>6/30/2013</u> | <u>6/30/2014</u>        | <u>6/30/2013</u> |
| Revenues                             | \$2,019,821                 | \$1,834,975      | \$3,939,987             | \$3,666,607      |
| EBITDA (1)                           | 369,180                     | 369,774          | 719,741                 | 683,357          |
| EBITDA Margin (1)                    | 18.3%                       | 20.2%            | 18.3%                   | 18.6%            |
| Cash Flow From Operations            | 263,777                     | 212,420          | 458,416                 | 390,917          |
| Days Sales Outstanding               | 53                          | 57               | 54                      | 57               |
| Capital Expenditures                 | 94,399                      | 80,025           | 186,786                 | 175,944          |
| Debt                                 |                             |                  | 3,147,997               | 3,546,685        |
| UHS Shareholders Equity              |                             |                  | 3,546,134               | 2,991,457        |
| Debt / Total Capitalization          |                             |                  | 47.0%                   | 54.2%            |
| Debt / EBITDA (2)                    |                             |                  | 2.34                    | 2.75             |
| Debt / Cash From Operations (2)      |                             |                  | 3.31                    | 4.34             |
| Acute Care EBITDAR Margin (3)        | 19.2%                       | 14.8%            | 19.5%                   | 15.4%            |
| Behavioral Health EBITDAR Margin (3) | 28.6%                       | 28.7%            | 28.2%                   | 28.6%            |

(1) Net of Minority Interest

(2) Latest 4 quarters

(3) Same facility basis before Corporate overhead allocation and minority interest. Before adjustments shown on the Supplemental Schedule

**UNIVERSAL HEALTH SERVICES, INC.**  
**SELECTED HOSPITAL STATISTICS**  
**FOR THE THREE MONTHS ENDED**  
**JUNE 30, 2014 AND 2013**

**AS REPORTED:**

|   | ACUTE           |                 |                 | BEHAVIORAL HEALTH |                 |                 |
|---|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|
|   | <u>06/30/14</u> | <u>06/30/13</u> | <u>% change</u> | <u>06/30/14</u>   | <u>06/30/13</u> | <u>% change</u> |
| Hospitals owned and leased                                  | 24              | 23              | 4.3%            | 182               | 184             | -1.1%           |
| Average licensed beds                                       | 5,802           | 5,617           | 3.3%            | 19,951            | 19,982          | -0.2%           |
| Patient days  | 289,982         | 272,745         | 6.3%            | 1,387,757         | 1,368,883       | 1.4%            |
| Average daily census  | 3,186.6         | 2,997.2         | 6.3%            | 15,250.1          | 15,042.7        | 1.4%            |
| Occupancy-licensed beds                                     | 54.9%           | 53.4%           | 2.9%            | 76.4%             | 75.3%           | 1.5%            |
| Admissions  | 62,138          | 60,697          | 2.4%            | 107,436           | 101,726         | 5.6%            |
| Length of stay  | 4.7             | 4.5             | 3.9%            | 12.9              | 13.5            | -4.0%           |
| Inpatient revenue   | \$3,724,309     | \$3,321,384     | 12.1%           | \$1,686,512       | \$1,598,383     | 5.5%            |
| Outpatient revenue  | 2,068,076       | 1,708,200       | 21.1%           | 204,480           | 193,703         | 5.6%            |
| Total patient revenue                                       | 5,792,385       | 5,029,584       | 15.2%           | 1,890,992         | 1,792,086       | 5.5%            |
| Other revenue   | 54,139          | 30,740          | 76.1%           | 45,795            | 30,887          | 48.3%           |
| Gross hospital revenue                                      | 5,846,524       | 5,060,324       | 15.5%           | 1,936,787         | 1,822,973       | 6.2%            |
| Total deductions  | 4,673,457       | 3,949,632       | 18.3%           | 917,059           | 862,919         | 6.3%            |
| Net hospital revenue before provision for doubtful accounts | 1,173,067       | 1,110,692       | 5.6%            | 1,019,728         | 960,054         | 6.2%            |
| Provision for doubtful accounts                             | 149,056         | 216,053         | -31.0%          | 27,380            | 30,584          | -10.5%          |
| Net hospital revenue  | \$1,024,011     | \$ 894,639      | 14.5%           | \$ 992,348        | \$ 929,470      | 6.8%            |

**SAME FACILITY:**

|                            | ACUTE (1)       |                 |                 | BEHAVIORAL HEALTH (2) |                 |                 |
|----------------------------|-----------------|-----------------|-----------------|-----------------------|-----------------|-----------------|
|                            | <u>06/30/14</u> | <u>06/30/13</u> | <u>% change</u> | <u>06/30/14</u>       | <u>06/30/13</u> | <u>% change</u> |
| Hospitals owned and leased | 23              | 23              | 0.0%            | 179                   | 179             | 0.0%            |
| Average licensed beds      | 5,662           | 5,617           | 0.8%            | 19,562                | 19,408          | 0.8%            |
| Patient days               | 286,677         | 272,745         | 5.1%            | 1,360,923             | 1,338,410       | 1.7%            |
| Average daily census       | 3,150.3         | 2,997.2         | 5.1%            | 14,955.2              | 14,707.8        | 1.7%            |
| Occupancy-licensed beds    | 55.6%           | 53.4%           | 4.3%            | 76.5%                 | 75.8%           | 0.9%            |
| Admissions                 | 61,226          | 60,697          | 0.9%            | 105,743               | 101,391         | 4.3%            |
| Length of stay             | 4.7             | 4.5             | 4.2%            | 12.9                  | 13.2            | -2.5%           |

(1) Temecula is excluded in both current and prior years

(2) Bristol Youth Academy, Community BH, Gulph Coast Treatment Center, John Costigan Ctr, Okaloosa Youth Academy, Palo Verde, The Peaks, and Psychiatric Institute of Washington are excluded in both current and prior years. Austin Oaks is included in both current and prior years June only.

**UNIVERSAL HEALTH SERVICES, INC.**  
**SELECTED HOSPITAL STATISTICS**  
**FOR THE SIX MONTHS ENDED**  
**JUNE 30, 2014 AND 2013**

**AS REPORTED:**

|   | ACUTE        |              |          | BEHAVIORAL HEALTH |              |          |
|---|--------------|--------------|----------|-------------------|--------------|----------|
|   | 06/30/14     | 06/30/13     | % change | 06/30/14          | 06/30/13     | % change |
| Hospitals owned and leased                                  | 24           | 23           | 4.3%     | 182               | 184          | -1.1%    |
| Average licensed beds                                       | 5,780        | 5,617        | 2.9%     | 19,856            | 20,003       | -0.7%    |
| Patient days  | 589,856      | 563,471      | 4.7%     | 2,722,534         | 2,723,937    | -0.1%    |
| Average daily census  | 3,258.9      | 3,113.1      | 4.7%     | 15,041.6          | 15,049.4     | -0.1%    |
| Occupancy-licensed beds                                     | 56.4%        | 55.4%        | 1.7%     | 75.8%             | 75.2%        | 0.7%     |
| Admissions  | 124,838      | 124,436      | 0.3%     | 211,331           | 203,122      | 4.0%     |
| Length of stay  | 4.7          | 4.5          | 4.3%     | 12.9              | 13.4         | -3.9%    |
| Inpatient revenue   | \$ 7,600,673 | \$ 6,828,424 | 11.3%    | \$ 3,295,411      | \$ 3,174,531 | 3.8%     |
| Outpatient revenue  | 4,025,567    | 3,359,775    | 19.8%    | 388,595           | 379,505      | 2.4%     |
| Total patient revenue                                       | 11,626,240   | 10,188,199   | 14.1%    | 3,684,006         | 3,554,036    | 3.7%     |
| Other revenue   | 88,686       | 61,865       | 43.4%    | 89,417            | 61,987       | 44.3%    |
| Gross hospital revenue                                      | 11,714,926   | 10,250,064   | 14.3%    | 3,773,423         | 3,616,023    | 4.4%     |
| Total deductions  | 9,388,120    | 8,012,595    | 17.2%    | 1,782,373         | 1,717,818    | 3.8%     |
| Net hospital revenue before provision for doubtful accounts | 2,326,806    | 2,237,469    | 4.0%     | 1,991,050         | 1,898,205    | 4.9%     |
| Provision for doubtful accounts                             | 331,406      | 434,096      | -23.7%   | 53,245            | 59,191       | -10.0%   |
| Net hospital revenue  | \$ 1,995,400 | \$ 1,803,373 | 10.6%    | \$ 1,937,805      | \$ 1,839,014 | 5.4%     |

**SAME FACILITY:**

|                            | ACUTE (1) |          |          | BEHAVIORAL HEALTH (2) |           |          |
|----------------------------|-----------|----------|----------|-----------------------|-----------|----------|
|                            | 06/30/14  | 06/30/13 | % change | 06/30/14              | 06/30/13  | % change |
| Hospitals owned and leased | 23        | 23       | 0.0%     | 179                   | 179       | 0.0%     |
| Average licensed beds      | 5,640     | 5,617    | 0.4%     | 19,516                | 19,373    | 0.7%     |
| Patient days               | 584,178   | 563,471  | 3.7%     | 2,681,207             | 2,652,935 | 1.1%     |
| Average daily census       | 3,227.5   | 3,113.1  | 3.7%     | 14,813.3              | 14,657.1  | 1.1%     |
| Occupancy-licensed beds    | 57.2%     | 55.4%    | 3.3%     | 75.9%                 | 75.7%     | 0.3%     |
| Admissions                 | 123,240   | 124,436  | -1.0%    | 209,043               | 202,054   | 3.5%     |
| Length of stay             | 4.7       | 4.5      | 4.7%     | 12.8                  | 13.1      | -2.3%    |

(1) Temecula is excluded in both current and prior years

(2) Bristol Youth Academy, Community BH, Gulph Coast Treatment Center, John Costigan Ctr, Okaloosa Youth Academy, Palo Verde, The Peaks, and Psychiatric Institute of Washington are excluded in both current and prior years. Garfield Park is excluded in both current and prior years in January only. Austin Oaks is excluded in both current and and prior years January thru May.