
**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): July 25, 2019

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 Instructions 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))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------|-------------------|---|
| Class B Common Stock | UHS | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On July 25, 2019, 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 25, 2019.](#)

Exhibit Index

Exhibit No. Exhibit

99.1 [Universal Health Services, Inc., press release, dated July 25, 2019.](#)

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: Executive Vice President and
Chief Financial Officer

Date: July 26, 2019

FOR IMMEDIATE RELEASE

July 25, 2019

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

UNIVERSAL HEALTH SERVICES, INC.
REPORTS 2019 SECOND QUARTER FINANCIAL RESULTS AND INCREASES TO STOCK REPURCHASE
PROGRAM AND CASH DIVIDEND

Consolidated Results of Operations, As Reported and As Adjusted – Three-month periods ended June 30, 2019 and 2018:

KING OF PRUSSIA, PA – Universal Health Services, Inc. (NYSE: UHS) announced today that its reported net income attributable to UHS was \$238.3 million, or \$2.66 per diluted share, during the second quarter of 2019 as compared to \$226.1 million, or \$2.39 per diluted share, during the comparable quarter of 2018. Net revenues increased 6.5% to \$2.855 billion during the second quarter of 2019 as compared to \$2.681 billion during the second quarter of 2018.

For the three-month period ended June 30, 2019, our adjusted net income attributable to UHS, as calculated on the attached Schedule of Non-GAAP Supplemental Information (“Supplemental Schedule”), was \$247.2 million, or \$2.76 per diluted share, as compared to \$233.3 million, or \$2.47 per diluted share, during the second quarter of 2018.

Included in our reported and our adjusted net income attributable to UHS is a pre-tax unrealized gain of \$6.9 million, or \$.06 per diluted share, during the second quarter of 2019, and \$8.0 million, or \$.06 per diluted share, during the second quarter of 2018. These unrealized gains, which are included in “Other (income) expense, net” on the accompanying consolidated statements of income, resulted from an increase in the market value of shares of certain marketable securities held for investment and classified as available for sale.

As reflected on the Supplemental Schedule, included in our reported results during the second quarter of 2019, is an aggregate net unfavorable after-tax impact of \$8.9 million, or \$.10 per diluted share, resulting from: (i) an unfavorable after-tax impact of \$8.4 million, or \$.09 per diluted share, resulting from an \$11.0 million pre-tax increase in the reserve (“DOJ Reserve”) established in connection with the discussions with the Department of Justice (“DOJ”), which have recently resulted in an agreement in principle with the DOJ’s Civil Division (which is subject to certain conditions as discussed below), and; (ii) an unfavorable after-tax impact of \$509,000, or \$.01 per diluted share, resulting from our adoption of ASU 2016-09, “Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting” (“ASU 2016-09”).

As reflected on the Supplemental Schedule, included in our reported results during the second quarter of 2018, is a net aggregate unfavorable after-tax impact of \$7.3 million, or \$.08 per diluted share, substantially all of which related to the unfavorable after-tax impact of \$7.2 million, or \$.08 per diluted share, resulting from a \$9.5 million pre-tax increase in the DOJ Reserve.

As calculated on the attached Supplemental Schedule, our earnings before interest, taxes, depreciation & amortization (“EBITDA net of NCI”, NCI is net income attributable to noncontrolling interests), was \$471.5 million during the second quarter of 2019 as compared to \$444.7 million during the second quarter of 2018. Our adjusted earnings before interest, taxes, depreciation & amortization (“Adjusted EBITDA net of NCI”), which excludes the impacts of our adoption of ASU 2016-09, other (income) expense, net, as well as the unfavorable impacts of the above-mentioned increases in the DOJ Reserve, was \$474.8 million during the second quarter of 2019 as compared to \$438.8 million during the second quarter of 2018.

Consolidated Results of Operations, As Reported and As Adjusted – Six-month periods ended June 30, 2019 and 2018:

Reported net income attributable to UHS was \$472.5 million, or \$5.23 per diluted share, during the six-month period ended June 30, 2019 as compared to \$449.9 million, or \$4.76 per diluted share, during the comparable six-month period of 2018. Net revenues increased 5.4% to \$5.660 billion during the first six months of 2019 as compared to \$5.369 billion during the first six months of 2018.

For the six-month period ended June 30, 2019, our adjusted net income attributable to UHS, as calculated on the attached Supplemental Schedule, was \$470.5 million, or \$5.21 per diluted share, as compared to \$465.5 million, or \$4.92 per diluted share, during the comparable six-month period of 2018.

Included in our reported and our adjusted net income attributable to UHS is a pre-tax unrealized gain of \$2.6 million, or \$.02 per diluted share, during the first six months of 2019, and \$8.0 million, or \$.06 per diluted share, during the comparable six-month period of 2018. As discussed above, these unrealized gains resulted from an increase in the market value of shares of certain marketable securities held for investment and classified as available for sale.

As reflected on the Supplemental Schedule, included in our reported results during the six-month period ended June 30, 2019, is an aggregate net favorable after-tax impact of \$2.0 million, or \$.02 per diluted share, resulting from: (i) an unfavorable after-tax impact of \$8.4 million, or \$.09 per diluted share, resulting from an \$11.0 million pre-tax increase in the DOJ Reserve, offset by; (ii) a favorable after-tax impact of \$10.4 million, or \$.11 per diluted share, resulting from our adoption of ASU 2016-09.

As reflected on the Supplemental Schedule, included in our reported results during the six-month period ended June 30, 2018, is a net aggregate unfavorable after-tax impact of \$15.6 million, or \$.16 per diluted share, consisting of: (i) an unfavorable after-tax impact of \$17.1 million, or \$.18 per diluted share, resulting from a \$22.5 million pre-tax increase in the DOJ Reserve, partially offset by; (ii) a favorable after-tax impact of \$1.5 million, or \$.02 per diluted share, resulting from our adoption of ASU 2016-09.

As calculated on the attached Supplemental Schedule, our earnings before interest, taxes, depreciation & amortization (“EBITDA net of NCI”, NCI is net income attributable to noncontrolling interests), was \$924.3 million during the six-month period ended June 30, 2019 as compared to \$886.8 million during the six-month period ended June 30, 2018. Our adjusted earnings before interest, taxes, depreciation & amortization (“Adjusted EBITDA net of NCI”), which excludes the impacts of our adoption of ASU 2016-09, other (income) expense, net, as well as the unfavorable impacts of the above-

mentioned increases in the DOJ Reserve, was \$932.0 million during the six-month period ended June 30, 2019 as compared to \$893.9 million during the six-month period ended June 30, 2018.

Acute Care Services – Three and six-month periods ended June 30, 2019 and 2018:

During the second quarter of 2019, at our acute care hospitals owned during both periods (“same facility basis”), adjusted admissions (adjusted for outpatient activity) increased 5.0% and adjusted patient days increased 5.2%, as compared to the second quarter of 2018. At these facilities, net revenue per adjusted admission increased 3.5% while net revenue per adjusted patient day increased 3.3% during the second quarter of 2019 as compared to the second quarter of 2018. Net revenues from our acute care services on a same facility basis increased 9.0% during the second quarter of 2019 as compared to the second quarter of 2018.

During the six-month period ended June 30, 2019, at our acute care hospitals on a same facility basis, adjusted admissions increased 5.0% and adjusted patient days increased 4.8%, as compared to the first six months of 2018. At these facilities, net revenue per adjusted admission increased 1.5% while net revenue per adjusted patient day increased 1.6% during the six-month period ended June 30, 2019 as compared to the comparable six-month period of 2018. Net revenues from our acute care services on a same facility basis increased 6.8% during the first six months of 2019 as compared to the first six months of 2018.

Behavioral Health Care Services – Three and six-month periods ended June 30, 2019 and 2018:

During the second quarter of 2019, at our behavioral health care facilities on a same facility basis, adjusted admissions increased 0.5% while adjusted patient days increased 0.3% as compared to the second quarter of 2018. At these facilities, net revenue per adjusted admission increased 2.2% while net revenue per adjusted patient day increased 2.4% during the second quarter of 2019 as compared to the comparable quarter in 2018. On a same facility basis, our behavioral health care services’ net revenues increased 2.7% during the second quarter of 2019 as compared to the second quarter of 2018.

During the six-month period ended June 30, 2019, at our behavioral health care facilities on a same facility basis, adjusted admissions increased 1.7% while adjusted patient days increased 0.6% as compared to the comparable six-month period of 2018. At these facilities, net revenue per adjusted admission increased 1.3% while net revenue per adjusted patient day increased 2.4% during the first six months of 2019 as compared to the comparable six-month period in 2018. On a same facility basis, our behavioral health care services’ net revenues increased 2.9% during the six-month period ended June 30, 2019 as compared to the comparable six-month period of 2018.

Net Cash Provided by Operating Activities:

For the six months ended June 30, 2019, our net cash provided by operating activities increased to \$624 million as compared to \$607 million generated during the comparable six-month period of 2018. The \$17 million net increase was due to: (i) a favorable change of \$40 million resulting from an increase in net income plus/minus depreciation and amortization expense, stock-based compensation expense and net gains on sale of assets and businesses; (ii) an unfavorable change of \$37 million in accounts receivable, and; (iii) \$14 million of other combined net favorable changes.

In conjunction with our January 1, 2019 adoption of ASU 2017-12, “Targeted Improvements to Accounting for Hedging Activities”, we have included the net cash inflows or outflows, which were received or paid in connection with foreign exchange contracts that hedge our investment in the U.K., in investing cash flows on the consolidated statements of cash flows. Prior to 2019, these net

inflows/outflows were included in operating cash flows. Prior period amounts have been reclassified to conform with current year presentation on the consolidated statements of cash flows included herein.

Increases to Stock Repurchase Program and Cash Dividend:

On July 25, 2019, our Board of Directors authorized a \$1.0 billion increase to our stock repurchase program, which increased the aggregate authorization to \$2.7 billion from the previous \$1.7 billion authorization approved in various increments since 2014. Pursuant to this program, which currently has an aggregate available repurchase authorization of \$1.017 billion, shares of our Class B Common Stock may be repurchased, from time to time as conditions allow, on the open market or in negotiated private transactions.

In conjunction with our previously approved stock repurchase programs, during the second quarter of 2019, we have repurchased approximately 2.72 million shares at an aggregate cost of \$339.2 million (approximately \$125 per share). During the first six months of 2019, we have repurchased approximately 3.56 million shares at an aggregate cost of \$445.6 million (approximately \$125 per share). Since inception of the program in 2014 through June 30, 2019, we have repurchased approximately 14.23 million shares at an aggregate cost of approximately \$1.68 billion (approximately \$118 per share).

Also on July 25, 2019, our Board of Directors authorized a \$.10 per share increase in our cash dividend to \$.20 per share. This cash dividend will be paid on September 16, 2019 to shareholders of record as of September 3, 2019.

Agreement in Principle with DOJ's Civil Division and DOJ Reserve:

We have recently reached an agreement in principle with the DOJ's Civil Division, and on behalf of various states' attorneys general offices, to resolve the civil aspect of the government's investigation of our behavioral health care facilities for \$127 million subject to requisite approvals and preparation and execution of definitive settlement and related agreements. We have further been advised that the previously disclosed investigations being conducted by the DOJ's Criminal Frauds Section in connection with these matters have been closed. We are awaiting the initial draft of a potential corporate integrity agreement with the Office of Inspector General for the United States Department of Health and Human Services ("OIG") which we expect will be part of the overall settlement of this matter.

In connection with the agreement in principle with the DOJ's Civil Division, during the three and six-month periods ended June 30, 2019, we recorded a pre-tax increase of approximately \$11.0 million in the DOJ Reserve, which includes related fees and costs due to or on behalf of third-parties. The aggregate pre-tax DOJ Reserve amounted to \$134 million as of June 30, 2019 and \$123 million as of December 31, 2018. Our financial statements assume that the amounts included in the aggregate pre-tax DOJ Reserve are fully deductible for federal and state income tax purposes.

Since the agreement in principle with the DOJ's Civil Division is subject to certain required approvals and negotiation and execution of definitive settlement agreements, as well as negotiation and execution of a potential corporate integrity agreement with the OIG, we can provide no assurance that definitive agreements will ultimately be finalized. We therefore can provide no assurance that final amounts paid in settlement or otherwise, or associated costs, or the income tax deductibility of such payments, will not differ materially from our established reserve and assumptions related to income tax deductibility. Please see *Item 1-Legal Proceedings* in our Form 10-Q for the quarterly period ended March 31, 2019 for additional disclosure in connection with this matter.

Conference call information: _____

We will hold a conference call for investors and analysts at 9:00 a.m. eastern time on July 26, 2019. 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. Also, a replay of the call will be available following the conclusion of the live call and will be available for one full year.

Adoption of ASU 2016-02, "Leases (Topic 842): Amendments to the FASB Accounting Standards Codification":

Effective January 1, 2019, we adopted ASU 2016-02 which requires companies to, among other things, recognize lease assets and lease liabilities on the balance sheet. As a result of our adoption of ASU 2016-02, our consolidated balance sheet as of June 30, 2019 includes right of use assets-operating leases (\$332.1 million) and operating lease liabilities (\$56.4 million current and \$275.7 million noncurrent). Prior period financial statements were not adjusted for the effects of this new standard.

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

One of the nation's largest and most respected hospital companies, Universal Health Services, Inc. ("UHS") has built an impressive record of achievement and performance. Growing steadily since our inception into an esteemed Fortune 500 corporation, our annual revenues were \$10.77 billion during 2018. In 2019, UHS was again recognized as one of the World's Most Admired Companies by *Fortune*; ranked #293 on the Fortune 500; and in 2017, listed #275 in *Forbes* inaugural ranking of America's Top 500 Public Companies.

Our operating philosophy is as effective today as it was 40 years ago, enabling us to provide compassionate care to our patients and their loved ones. Our mission includes building or acquiring high quality hospitals in rapidly growing markets, investing in the people and equipment needed to allow each facility to thrive, and becoming the leading healthcare provider in each community we serve.

Headquartered in King of Prussia, PA, UHS has more than 87,000 employees and through its subsidiaries operates 353 inpatient acute care hospitals and behavioral health facilities and 38 outpatient and other facilities located in 37 states, Washington, D.C., Puerto Rico and the United Kingdom. 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, 2018 and in *Item 2-Forward-Looking Statements and Risk Factors* in our Form 10-Q for the quarterly period ended March 31, 2019), may cause the results to differ materially from those anticipated in the forward-looking statements. Many of the factors that will determine our future results are beyond our capability to control or predict. These statements are subject to risks and uncertainties and therefore actual results may differ materially. Readers should not place undue reliance on such forward-looking statements which reflect management's view only as of the date hereof. We

undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

We believe that adjusted net income attributable to UHS, adjusted net income attributable to UHS per diluted share, EBITDA net of NCI and adjusted EBITDA net of NCI, 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 impacting our net income attributable to UHS, such as, changes in the reserve established in connection with our discussions with the Department of Justice, our adoption of ASU 2016-09 and other potential material items that are nonrecurring or non-operational in nature including, but not limited to, impairments of long-lived and intangible assets, reserves for various matters including settlements, legal judgments and lawsuits, costs related to extinguishment of debt, gains/losses on sales of assets and businesses, 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 attributable to UHS, as determined in accordance with GAAP, and 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 Reports on Form 10-K for the year ended December 31, 2018 and Form 10-Q for the quarterly period ended March 31, 2019. 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 ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|-------------------|------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net revenues | \$ 2,855,168 | 2,681,353 | \$ 5,659,559 | 5,368,869 |
| <i>Operating charges:</i> | | | | |
| Salaries, wages and benefits | 1,383,481 | 1,305,974 | 2,749,027 | 2,606,122 |
| Other operating expenses | 672,564 | 624,484 | 1,317,344 | 1,245,303 |
| Supplies expense | 305,857 | 289,733 | 613,320 | 582,662 |
| Depreciation and amortization | 121,168 | 109,581 | 241,208 | 222,684 |
| Lease and rental expense | 26,535 | 27,119 | 52,660 | 53,822 |
| | <u>2,509,605</u> | <u>2,356,891</u> | <u>4,973,559</u> | <u>4,710,593</u> |
| Income from operations | 345,563 | 324,462 | 686,000 | 658,276 |
| Interest expense, net | 42,487 | 38,000 | 82,127 | 75,576 |
| Other (income) expense, net | (7,732) | (15,308) | (3,231) | (15,308) |
| Income before income taxes | 310,808 | 301,770 | 607,104 | 598,008 |
| Provision for income taxes | 69,543 | 71,059 | 128,441 | 138,628 |
| Net income | 241,265 | 230,711 | 478,663 | 459,380 |
| Less: Net income attributable to noncontrolling interests | 2,945 | 4,659 | 6,175 | 9,496 |
| Net income attributable to UHS | <u>\$ 238,320</u> | <u>\$ 226,052</u> | <u>\$ 472,488</u> | <u>\$ 449,884</u> |
| Basic earnings per share attributable to UHS (a) | <u>\$ 2.67</u> | <u>\$ 2.40</u> | <u>\$ 5.24</u> | <u>\$ 4.78</u> |
| Diluted earnings per share attributable to UHS (a) | <u>\$ 2.66</u> | <u>\$ 2.39</u> | <u>\$ 5.23</u> | <u>\$ 4.76</u> |

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|-------------------|------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| (a) Earnings per share calculation: | | | | |
| <u>Basic and diluted:</u> | | | | |
| Net income attributable to UHS | \$ 238,320 | \$ 226,052 | \$ 472,488 | \$ 449,884 |
| Less: Net income attributable to unvested restricted share grants | (656) | (392) | (1,171) | (496) |
| Net income attributable to UHS - basic and diluted | <u>\$ 237,664</u> | <u>\$ 225,660</u> | <u>\$ 471,317</u> | <u>\$ 449,388</u> |
| Weighted average number of common shares - basic | <u>89,136</u> | <u>93,842</u> | <u>89,956</u> | <u>94,034</u> |
| Basic earnings per share attributable to UHS: | <u>\$ 2.67</u> | <u>\$ 2.40</u> | <u>\$ 5.24</u> | <u>\$ 4.78</u> |
| Weighted average number of common shares | 89,136 | 93,842 | 89,956 | 94,034 |
| Add: Other share equivalents | 99 | 439 | 145 | 448 |
| Weighted average number of common shares and equiv. - diluted | <u>89,235</u> | <u>94,281</u> | <u>90,101</u> | <u>94,482</u> |
| Diluted earnings per share attributable to UHS: | <u>\$ 2.66</u> | <u>\$ 2.39</u> | <u>\$ 5.23</u> | <u>\$ 4.76</u> |

Universal Health Services, Inc.
Schedule of Non-GAAP Supplemental Information ("Supplemental Schedule")
For the Three Months ended June 30, 2019 and 2018
(in thousands, except per share amounts)
(unaudited)

Calculation of Earnings/Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA/Adjusted EBITDA net of NCI")

| | Three months ended June 30, 2019 | % Net revenues | Three months ended June 30, 2018 | % Net revenues |
|--------------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Net income attributable to UHS | \$ 238,320 | | \$ 226,052 | |
| Depreciation and amortization | 121,168 | | 109,581 | |
| Interest expense, net | 42,487 | | 38,000 | |
| Provision for income taxes | 69,543 | | 71,059 | |
| EBITDA net of NCI | <u>\$ 471,518</u> | 16.5% | <u>\$ 444,692</u> | 16.6% |
| Other (income) expense, net | (7,732) | | (15,308) | |
| Increase in DOJ Reserve | 10,978 | | 9,451 | |
| Adjusted EBITDA net of NCI | <u>\$ 474,764</u> | 16.6% | <u>\$ 438,835</u> | 16.4% |
| Net revenues | <u>\$ 2,855,168</u> | | <u>\$ 2,681,353</u> | |

Calculation of Adjusted Net Income Attributable to UHS

| | Three months ended June 30, 2019 | | Three months ended June 30, 2018 | |
|---|-------------------------------------|----------------------|-------------------------------------|----------------------|
| | Amount | Per Diluted Share | Amount | Per Diluted Share |
| Net income attributable to UHS | \$ 238,320 | \$ 2.66 | \$ 226,052 | \$ 2.39 |
| Plus/minus after-tax adjustments: | | | | |
| Increase in DOJ Reserve, after-tax | 8,369 | 0.09 | 7,205 | 0.08 |
| Impact of ASU 2016-09 | 509 | 0.01 | 61 | - |
| Subtotal adjustments | <u>\$ 8,878</u> | <u>\$ 0.10</u> | <u>\$ 7,266</u> | <u>\$ 0.08</u> |
| Adjusted net income attributable to UHS | <u>\$ 247,198</u> | <u>\$ 2.76</u> | <u>\$ 233,318</u> | <u>\$ 2.47</u> |

Universal Health Services, Inc.

Schedule of Non-GAAP Supplemental Information ("Supplemental Schedule")

For the Six Months ended June 30, 2019 and 2018

(in thousands, except per share amounts)

(unaudited)

Calculation of Earnings/Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA/Adjusted EBITDA net of NCI")

| | Six months ended June 30, 2019 | % Net revenues | Six months ended June 30, 2018 | % Net revenues |
|--------------------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
| Net income attributable to UHS | \$ 472,488 | | \$ 449,884 | |
| Depreciation and amortization | 241,208 | | 222,684 | |
| Interest expense, net | 82,127 | | 75,576 | |
| Provision for income taxes | 128,441 | | 138,628 | |
| EBITDA net of NCI | <u>\$ 924,264</u> | 16.3% | <u>\$ 886,772</u> | 16.5% |
| Other (income) expense, net | (3,231) | | (15,308) | |
| Increase in DOJ Reserve | 10,978 | | 22,451 | |
| Adjusted EBITDA net of NCI | <u>\$ 932,011</u> | 16.5% | <u>\$ 893,915</u> | 16.6% |
| Net revenues | <u>\$ 5,659,559</u> | | <u>\$ 5,368,869</u> | |

Calculation of Adjusted Net Income Attributable to UHS

| | Six months ended June 30, 2019 | | Six months ended June 30, 2018 | |
|---|-----------------------------------|----------------------|-----------------------------------|----------------------|
| | Amount | Per Diluted Share | Amount | Per Diluted Share |
| Net income attributable to UHS | \$ 472,488 | \$ 5.23 | \$ 449,884 | \$ 4.76 |
| Plus/minus after-tax adjustments: | | | | |
| Increase in DOJ Reserve, after-tax | 8,369 | 0.09 | 17,116 | 0.18 |
| Impact of ASU 2016-09 | (10,398) | (0.11) | (1,537) | (0.02) |
| Subtotal adjustments | <u>\$ (2,029)</u> | <u>\$ (0.02)</u> | <u>\$ 15,579</u> | <u>\$ 0.16</u> |
| Adjusted net income attributable to UHS | <u>\$ 470,459</u> | <u>\$ 5.21</u> | <u>\$ 465,463</u> | <u>\$ 4.92</u> |

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

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|-------------------|------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net income | \$ 241,265 | \$ 230,711 | \$ 478,663 | \$ 459,380 |
| Other comprehensive income (loss): | | | | |
| Unrealized derivative gains (losses) on cash flow hedges | (1,008) | (545) | (3,925) | 1,579 |
| Foreign currency translation adjustment | 5,159 | 1,184 | (9,103) | (3,157) |
| Other | 0 | (2,367) | 0 | 0 |
| Other comprehensive income (loss) before tax | 4,151 | (1,728) | (13,028) | (1,578) |
| Income tax expense (benefit) related to items of other comprehensive income (loss) | 1,616 | (702) | (850) | 375 |
| Total other comprehensive income (loss), net of tax | 2,535 | (1,026) | (12,178) | (1,953) |
| Comprehensive income | 243,800 | 229,685 | 466,485 | 457,427 |
| Less: Comprehensive income attributable to noncontrolling interests | 2,945 | 4,659 | 6,175 | 9,496 |
| Comprehensive income attributable to UHS | <u>\$ 240,855</u> | <u>\$ 225,026</u> | <u>\$ 460,310</u> | <u>\$ 447,931</u> |

Universal Health Services, Inc.**Condensed Consolidated Balance Sheets**

(in thousands)

(unaudited)

| | June 30, 2019 | December 31, 2018 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 61,297 | \$ 105,220 |
| Accounts receivable, net | 1,601,352 | 1,509,909 |
| Supplies | 153,574 | 148,206 |
| Other current assets | 148,809 | 174,467 |
| Total current assets | <u>1,965,032</u> | <u>1,937,802</u> |
| Property and equipment | 8,859,104 | 8,563,455 |
| Less: accumulated depreciation | (3,914,406) | (3,715,515) |
| | <u>4,944,698</u> | <u>4,847,940</u> |
| Other assets: | | |
| Goodwill | 3,843,429 | 3,844,628 |
| Deferred income taxes | 15,747 | 5,280 |
| Right of use assets-operating leases | 332,135 | 0 |
| Deferred charges | 7,533 | 8,772 |
| Other | 644,076 | 621,058 |
| Total Assets | <u>\$ 11,752,650</u> | <u>\$ 11,265,480</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Current maturities of long-term debt | \$ 91,833 | \$ 63,446 |
| Accounts payable and accrued liabilities | 1,253,760 | 1,253,714 |
| Legal reserves | 141,750 | 129,150 |
| Operating lease liabilities | 56,447 | 0 |
| Federal and state taxes | 479 | 2,428 |
| Total current liabilities | <u>1,544,269</u> | <u>1,448,738</u> |
| Other noncurrent liabilities | 369,229 | 361,809 |
| Operating lease liabilities noncurrent | 275,688 | 0 |
| Long-term debt | 4,057,121 | 3,935,187 |
| Deferred income taxes | 37,906 | 49,661 |
| Redeemable noncontrolling interest | 3,986 | 4,292 |
| UHS common stockholders' equity | 5,393,089 | 5,389,262 |
| Noncontrolling interest | 71,362 | 76,531 |
| Total equity | <u>5,464,451</u> | <u>5,465,793</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 11,752,650</u> | <u>\$ 11,265,480</u> |

Universal Health Services, Inc.

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

| | Six months ended June 30, | |
|--|------------------------------|-------------------|
| | 2019 | 2018 |
| Cash Flows from Operating Activities: | | |
| Net income | \$ 478,663 | \$ 459,380 |
| <i>Adjustments to reconcile net income to net cash provided by operating activities:</i> | | |
| Depreciation & amortization | 241,208 | 222,716 |
| Stock-based compensation expense | 34,676 | 34,716 |
| Gain on sale of assets and businesses | 0 | (2,513) |
| <i>Changes in assets & liabilities, net of effects from acquisitions and dispositions:</i> | | |
| Accounts receivable | (101,329) | (64,055) |
| Accrued interest | 948 | 199 |
| Accrued and deferred income taxes | (16,846) | (42,540) |
| Other working capital accounts | 30,082 | 8,977 |
| Other assets and deferred charges | (1,333) | (14,144) |
| Other | (49,687) | (3,422) |
| Accrued insurance expense, net of commercial premiums paid | 51,819 | 46,255 |
| Payments made in settlement of self-insurance claims | (44,115) | (38,606) |
| Net cash provided by operating activities | <u>624,086</u> | <u>606,963</u> |
| Cash Flows from Investing Activities: | | |
| Property and equipment additions, net of disposals | (323,920) | (370,252) |
| Acquisition of property and businesses | 0 | (20,931) |
| Inflows (outflows) from foreign exchange contracts that hedge our net U.K. investment | 53,363 | 22,298 |
| Proceeds received from sales of assets and businesses | 0 | 13,502 |
| Costs incurred for purchase and implementation of information technology applications | (13,893) | (24,087) |
| Increase in capital reserves of commercial insurance subsidiary | 0 | 100 |
| Investment in, and advances to, joint venture and other | (11,949) | (14,059) |
| Net cash used in investing activities | <u>(296,399)</u> | <u>(393,429)</u> |
| Cash Flows from Financing Activities: | | |
| Reduction of long-term debt | (28,617) | (82,470) |
| Additional borrowings | 177,200 | 30,500 |
| Financing costs | 0 | (754) |
| Repurchase of common shares | (494,649) | (134,784) |
| Dividends paid | (17,953) | (18,804) |
| Issuance of common stock | 5,271 | 4,959 |
| Profit distributions to noncontrolling interests | (11,650) | (7,914) |
| Net cash used in financing activities | <u>(370,398)</u> | <u>(209,267)</u> |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (273) | (1,138) |
| (Decrease) Increase in cash, cash equivalents and restricted cash | (42,984) | 3,129 |
| Cash, cash equivalents and restricted cash, beginning of period | 199,685 | 167,297 |
| Cash, cash equivalents and restricted cash, end of period | <u>\$ 156,701</u> | <u>\$ 170,426</u> |
| Supplemental Disclosures of Cash Flow Information: | | |
| Interest paid | <u>\$ 78,623</u> | <u>\$ 70,890</u> |
| Income taxes paid, net of refunds | <u>\$ 145,604</u> | <u>\$ 182,130</u> |
| Noncash purchases of property and equipment | <u>\$ 71,923</u> | <u>\$ 91,742</u> |
| Right-of-use assets obtained in exchange for lease obligations | <u>\$ 359,329</u> | <u>\$ -</u> |

Universal Health Services, Inc.

Supplemental Statistical Information

(unaudited)

| <u>Same Facility:</u> | % Change | % Change |
|---|----------------------------|----------------------------------|
| | quarter ended 6/30/2019 | Six months ended 6/30/2019 |
| <u>Acute Care Services</u> | | |
| Revenues | 9.0% | 6.8% |
| Adjusted Admissions | 5.0% | 5.0% |
| Adjusted Patient Days | 5.2% | 4.8% |
| Revenue Per Adjusted Admission | 3.5% | 1.5% |
| Revenue Per Adjusted Patient Day | 3.3% | 1.6% |
| <u>Behavioral Health Care Services</u> | | |
| Revenues | 2.7% | 2.9% |
| Adjusted Admissions | 0.5% | 1.7% |
| Adjusted Patient Days | 0.3% | 0.6% |
| Revenue Per Adjusted Admission | 2.2% | 1.3% |
| Revenue Per Adjusted Patient Day | 2.4% | 2.4% |

| <u>UHS Consolidated</u> | <u>Second quarter ended</u> | | <u>Six months ended</u> | |
|---------------------------------------|-----------------------------|--------------|-------------------------|--------------|
| | 6/30/2019 | 6/30/2018 | 6/30/2019 | 6/30/2018 |
| Revenues | \$ 2,855,168 | \$ 2,681,353 | \$ 5,659,559 | \$ 5,368,869 |
| EBITDA net of NCI | \$ 471,518 | \$ 444,692 | \$ 924,264 | \$ 886,772 |
| EBITDA Margin net of NCI | 16.5% | 16.6% | 16.3% | 16.5% |
| Adjusted EBITDA net of NCI | \$ 474,764 | \$ 438,835 | \$ 932,011 | \$ 893,915 |
| Adjusted EBITDA Margin net of NCI | 16.6% | 16.4% | 16.5% | 16.6% |
| Cash Flow From Operations | \$ 233,185 | \$ 197,059 | \$ 624,086 | \$ 606,963 |
| Days Sales Outstanding | 51 | 53 | 51 | 53 |
| Capital Expenditures | \$ 154,072 | \$ 181,211 | \$ 323,920 | \$ 370,252 |
| Debt | | | \$ 4,148,954 | \$ 3,990,464 |
| UHS' Shareholders Equity | | | \$ 5,393,089 | \$ 5,317,583 |
| Debt / Total Capitalization | | | 43.5% | 42.9% |
| Debt / EBITDA net of NCI (1) | | | 2.50 | 2.35 |
| Debt / Adjusted EBITDA net of NCI (1) | | | 2.31 | 2.34 |
| Debt / Cash From Operations (1) | | | 3.21 | 3.12 |

(1) Latest 4 quarters

Universal Health Services, Inc.

Acute Care Hospital Services

For the three and six months ended

June 30, 2019 and 2018

(in thousands)

Same Facility Basis - Acute Care Hospital Services

| | <u>Three months ended</u> <u>June 30, 2019</u> | | <u>Three months ended</u> <u>June 30, 2018</u> | | <u>Six months ended</u> <u>June 30, 2019</u> | | <u>Six months ended</u> <u>June 30, 2018</u> | |
|-------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|
| | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> |
| | Net revenues | \$ 1,498,493 | 100.0% | \$ 1,374,725 | 100.0% | \$ 2,989,355 | 100.0% | 2,798,502 |
| Operating charges: | | | | | | | | |
| Salaries, wages and benefits | 623,218 | 41.6% | 584,126 | 42.5% | 1,241,909 | 41.5% | 1,165,894 | 41.7% |
| Other operating expenses | 339,507 | 22.7% | 308,660 | 22.5% | 671,392 | 22.5% | 616,841 | 22.0% |
| Supplies expense | 255,322 | 17.0% | 240,118 | 17.5% | 513,033 | 17.2% | 483,271 | 17.3% |
| Depreciation and amortization | 75,368 | 5.0% | 67,165 | 4.9% | 149,596 | 5.0% | 139,315 | 5.0% |
| Lease and rental expense | 14,654 | 1.0% | 14,708 | 1.1% | 28,910 | 1.0% | 28,991 | 1.0% |
| Subtotal-operating expenses | <u>1,308,069</u> | <u>87.3%</u> | <u>1,214,777</u> | <u>88.4%</u> | <u>2,604,840</u> | <u>87.1%</u> | <u>2,434,312</u> | <u>87.0%</u> |
| Income from operations | 190,424 | 12.7% | 159,948 | 11.6% | 384,515 | 12.9% | 364,190 | 13.0% |
| Interest expense, net | 244 | 0.0% | 431 | 0.0% | 523 | 0.0% | 962 | 0.0% |
| Other (income) expense, net | (45) | (0.0)% | (2,498) | (0.2)% | (45) | (0.0)% | (2,498) | (0.1)% |
| Income before income taxes | <u>\$ 190,225</u> | <u>12.7%</u> | <u>\$ 162,015</u> | <u>11.8%</u> | <u>\$ 384,037</u> | <u>12.8%</u> | <u>\$ 365,726</u> | <u>13.1%</u> |

All Acute Care Hospital Services

| | <u>Three months ended</u> <u>June 30, 2019</u> | | <u>Three months ended</u> <u>June 30, 2018</u> | | <u>Six months ended</u> <u>June 30, 2019</u> | | <u>Six months ended</u> <u>June 30, 2018</u> | |
|-------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|
| | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> |
| | Net revenues | \$ 1,531,709 | 100.0% | \$ 1,403,991 | 100.0% | \$ 3,046,553 | 100.0% | 2,849,623 |
| Operating charges: | | | | | | | | |
| Salaries, wages and benefits | 624,035 | 40.7% | 584,126 | 41.6% | 1,243,352 | 40.8% | 1,165,894 | 40.9% |
| Other operating expenses | 373,069 | 24.4% | 337,926 | 24.1% | 729,300 | 23.9% | 667,962 | 23.4% |
| Supplies expense | 255,703 | 16.7% | 240,118 | 17.1% | 513,847 | 16.9% | 483,271 | 17.0% |
| Depreciation and amortization | 75,810 | 4.9% | 67,165 | 4.8% | 150,171 | 4.9% | 139,315 | 4.9% |
| Lease and rental expense | 14,736 | 1.0% | 14,708 | 1.0% | 29,035 | 1.0% | 28,991 | 1.0% |
| Subtotal-operating expenses | <u>1,343,353</u> | <u>87.7%</u> | <u>1,244,043</u> | <u>88.6%</u> | <u>2,665,705</u> | <u>87.5%</u> | <u>2,485,433</u> | <u>87.2%</u> |
| Income from operations | 188,356 | 12.3% | 159,948 | 11.4% | 380,848 | 12.5% | 364,190 | 12.8% |
| Interest expense, net | 244 | 0.0% | 431 | 0.0% | 523 | 0.0% | 962 | 0.0% |
| Other (income) expense, net | (45) | (0.0)% | (2,498) | (0.2)% | (45) | (0.0)% | (2,498) | (0.1)% |
| Income before income taxes | <u>\$ 188,157</u> | <u>12.3%</u> | <u>\$ 162,015</u> | <u>11.5%</u> | <u>\$ 380,370</u> | <u>12.5%</u> | <u>\$ 365,726</u> | <u>12.8%</u> |

We believe that providing our results on a “Same Facility” basis (which is a non-GAAP measure), which includes the operating results for facilities and businesses operated in both the current year and prior year periods, is helpful to our investors as a measure of our operating performance. Our Same Facility results also neutralize (if applicable), the effect of material items that are nonrecurring or non-operational in nature including items such as, but not limited to, reserves for various matters, settlements, legal judgments and lawsuits, cost related to extinguishment of debt, gains/losses on sales of assets and businesses, impairments of long-lived and intangible assets and other amounts that may be reflected in the current or prior year financial statements that relate to prior periods. Our Same Facility basis results exclude from net revenues and other operating expenses, provider tax assessments incurred in each period. However, these provider tax assessments are included in net revenues and other operating expenses as reflected in the table under All Acute Care Hospital Services. The provider tax assessments had no impact on the income before income taxes as reflected on the above tables since the amounts offset between net revenues and other operating expenses. To obtain a complete understanding of our financial performance, the Same Facility results should be examined in connection with our net income as determined in accordance with GAAP and as presented herein and the condensed consolidated financial statements and notes thereto as contained in our Form 10-K for the year ended December 31, 2018 and Form 10-Q for the quarter ended March 31, 2019.

The All Acute Care Hospital Services table summarizes the results of operations for all our acute care operations during the periods presented. These amounts include: (i) our acute care results on a same facility basis, as indicated above; (ii) the impact of provider tax assessments which increased net revenues and other operating expenses but had no impact on income before income taxes, and; (iii) certain other amounts including the results of facilities acquired or opened during the last twelve months.

Universal Health Services, Inc.

Behavioral Health Care Services

For the three and six months ended

June 30, 2019 and 2018

(in thousands)

Same Facility - Behavioral Health Care Services

| | <u>Three months ended</u> <u>June 30, 2019</u> | | <u>Three months ended</u> <u>June 30, 2018</u> | | <u>Six months ended</u> <u>June 30, 2019</u> | | <u>Six months ended</u> <u>June 30, 2018</u> | |
|-------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|
| | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> |
| | Net revenues | \$ 1,272,249 | 100.0% | 1,238,263 | 100.0% | \$ 2,513,474 | 100.0% | 2,443,311 |
| Operating charges: | | | | | | | | |
| Salaries, wages and benefits | 664,547 | 52.2% | 642,368 | 51.9% | 1,320,133 | 52.5% | 1,273,199 | 52.1% |
| Other operating expenses | 234,563 | 18.4% | 233,585 | 18.9% | 468,987 | 18.7% | 464,171 | 19.0% |
| Supplies expense | 49,499 | 3.9% | 48,808 | 3.9% | 98,117 | 3.9% | 97,551 | 4.0% |
| Depreciation and amortization | 39,095 | 3.1% | 37,734 | 3.0% | 78,967 | 3.1% | 74,472 | 3.0% |
| Lease and rental expense | 11,006 | 0.9% | 11,528 | 0.9% | 21,923 | 0.9% | 23,224 | 1.0% |
| Subtotal-operating expenses | 998,710 | 78.5% | 974,023 | 78.7% | 1,988,127 | 79.1% | 1,932,617 | 79.1% |
| Income from operations | 273,539 | 21.5% | 264,240 | 21.3% | 525,347 | 20.9% | 510,694 | 20.9% |
| Interest expense, net | 369 | 0.0% | 410 | 0.0% | 744 | 0.0% | 837 | 0.0% |
| Other (income) expense, net | - | - | - | - | - | - | - | - |
| Income before income taxes | \$ 273,170 | 21.5% | \$ 263,830 | 21.3% | \$ 524,603 | 20.9% | \$ 509,857 | 20.9% |

All Behavioral Health Care Services

| | <u>Three months ended</u> <u>June 30, 2019</u> | | <u>Three months ended</u> <u>June 30, 2018</u> | | <u>Six months ended</u> <u>June 30, 2019</u> | | <u>Six months ended</u> <u>June 30, 2018</u> | |
|-------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|
| | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> | <u>Amount</u> | <u>% of Net</u> <u>Revenues</u> |
| | Net revenues | \$ 1,320,241 | 100.0% | 1,274,083 | 100.0% | \$ 2,606,624 | 100.0% | 2,512,079 |
| Operating charges: | | | | | | | | |
| Salaries, wages and benefits | 683,948 | 51.8% | 651,852 | 51.2% | 1,359,647 | 52.2% | 1,293,980 | 51.5% |
| Other operating expenses | 265,785 | 20.1% | 259,959 | 20.4% | 527,922 | 20.3% | 516,361 | 20.6% |
| Supplies expense | 49,986 | 3.8% | 49,470 | 3.9% | 99,117 | 3.8% | 99,006 | 3.9% |
| Depreciation and amortization | 42,339 | 3.2% | 39,777 | 3.1% | 84,891 | 3.3% | 78,231 | 3.1% |
| Lease and rental expense | 11,719 | 0.9% | 12,256 | 1.0% | 23,363 | 0.9% | 24,557 | 1.0% |
| Subtotal-operating expenses | 1,053,777 | 79.8% | 1,013,314 | 79.5% | 2,094,940 | 80.4% | 2,012,135 | 80.1% |
| Income from operations | 266,464 | 20.2% | 260,769 | 20.5% | 511,684 | 19.6% | 499,944 | 19.9% |
| Interest expense, net | 369 | 0.0% | 410 | 0.0% | 744 | 0.0% | 837 | 0.0% |
| Other (income) expense, net | 109 | 0.0% | (1,085) | (0.00) | 786 | 0.0% | (1,085) | (0.00) |
| Income before income taxes | \$ 265,986 | 20.1% | \$ 261,444 | 20.5% | \$ 510,154 | 19.6% | \$ 500,192 | 19.9% |

We believe that providing our results on a “Same Facility” basis (which is a non-GAAP measure), which includes the operating results for facilities and businesses operated in both the current year and prior year periods, is helpful to our investors as a measure of our operating performance. Our Same Facility results also neutralize (if applicable), the effect of material items that are nonrecurring or non-operational in nature including items such as, but not limited to, reserves for various matters, settlements, legal judgments and lawsuits, cost related to extinguishment of debt, gains/losses on sales of assets and businesses, impairments of long-lived and intangible assets and other amounts that may be reflected in the current or prior year financial statements that relate to prior periods. Our Same Facility basis results exclude from net revenues and other operating expenses, provider tax assessments incurred in each period. However, these provider tax assessments are included in net revenues and other operating expenses as reflected in the table under All Behavioral Health Care Services. The provider tax assessments had no impact on the income before income taxes as reflected on the above tables since the amounts offset between net revenues and other operating expenses. To obtain a complete understanding of our financial performance, the Same Facility results should be examined in connection with our net income as determined in accordance with GAAP and as presented herein and in the condensed consolidated financial statements and notes thereto as contained in our Form 10-K for the year ended December 31, 2018 and Form 10-Q for the quarter ended March 31, 2019.

The All Behavioral Health Care Services table summarizes the results of operations for all our behavioral health care facilities during the periods presented. These amounts include: (i) our behavioral health results on a same facility basis, as indicated above; (ii) the impact of provider tax assessments which increased net revenues and other operating expenses but had no impact on income before income taxes, and; (iii) certain other amounts including the results of facilities acquired or opened during the last twelve months as well as the results of certain facilities that were closed or restructured during the past year.

Universal Health Services, Inc.

Selected Hospital Statistics

For the three months ended
June 30, 2019 and 2018

AS REPORTED:

| | ACUTE | | | BEHAVIORAL HEALTH | | |
|----------------------------|--------------|--------------|----------|-------------------|--------------|----------|
| | 06/30/19 | 06/30/18 | % change | 06/30/19 | 06/30/18 | % change |
| Hospitals owned and leased | 26 | 26 | 0.0% | 327 | 301 | 8.6% |
| Average licensed beds | 6,371 | 6,213 | 2.5% | 23,798 | 23,262 | 2.3% |
| Average available beds | 6,195 | 6,037 | 2.6% | 23,698 | 23,178 | 2.2% |
| Patient days | 357,894 | 339,697 | 5.4% | 1,632,531 | 1,605,977 | 1.7% |
| Average daily census | 3,932.9 | 3,733.1 | 5.4% | 17,939.9 | 17,648.1 | 1.7% |
| Occupancy-licensed beds | 61.7% | 60.1% | 2.7% | 75.4% | 75.9% | -0.6% |
| Occupancy-available beds | 63.5% | 61.8% | 2.7% | 75.7% | 76.1% | -0.6% |
| Admissions | 78,879 | 74,997 | 5.2% | 121,687 | 120,469 | 1.0% |
| Length of stay | 4.5 | 4.5 | 0.2% | 13.4 | 13.3 | 0.6% |
| Inpatient revenue | \$ 7,051,925 | \$ 6,164,010 | 14.4% | \$ 2,547,626 | \$ 2,448,894 | 4.0% |
| Outpatient revenue | 4,402,308 | 3,760,326 | 17.1% | 268,693 | 267,537 | 0.4% |
| Total patient revenue | 11,454,233 | 9,924,336 | 15.4% | 2,816,319 | 2,716,431 | 3.7% |
| Other revenue | 114,017 | 100,171 | 13.8% | 62,140 | 51,145 | 21.5% |
| Gross hospital revenue | 11,568,250 | 10,024,507 | 15.4% | 2,878,459 | 2,767,576 | 4.0% |
| Total deductions | 10,036,541 | 8,620,516 | 16.4% | 1,558,218 | 1,493,493 | 4.3% |
| Net hospital revenue | \$ 1,531,709 | \$ 1,403,991 | 9.1% | \$ 1,320,241 | \$ 1,274,083 | 3.6% |

SAME FACILITY:

| | ACUTE | | | BEHAVIORAL HEALTH | | |
|----------------------------|----------|----------|----------|-------------------|-----------|----------|
| | 06/30/19 | 06/30/18 | % change | 06/30/19 | 06/30/18 | % change |
| Hospitals owned and leased | 26 | 26 | 0.0% | 288 | 288 | 0.0% |
| Average licensed beds | 6,371 | 6,213 | 2.5% | 22,833 | 22,625 | 0.9% |
| Average available beds | 6,195 | 6,037 | 2.6% | 22,733 | 22,541 | 0.9% |
| Patient days | 357,894 | 339,697 | 5.4% | 1,585,284 | 1,579,633 | 0.4% |
| Average daily census | 3,932.9 | 3,733.1 | 5.4% | 17,420.7 | 17,358.6 | 0.4% |
| Occupancy-licensed beds | 61.7% | 60.1% | 2.7% | 76.3% | 76.7% | -0.6% |
| Occupancy-available beds | 63.5% | 61.8% | 2.7% | 76.6% | 77.0% | -0.5% |
| Admissions | 78,879 | 74,997 | 5.2% | 120,006 | 119,288 | 0.6% |
| Length of stay | 4.5 | 4.5 | 0.2% | 13.2 | 13.2 | -0.2% |

Universal Health Services, Inc.

Selected Hospital Statistics

For the six months ended
June 30, 2019 and 2018

AS REPORTED:

| | ACUTE | | | BEHAVIORAL HEALTH | | |
|----------------------------|---------------|---------------|----------|-------------------|--------------|----------|
| | 06/30/19 | 06/30/18 | % change | 06/30/19 | 06/30/18 | % change |
| Hospitals owned and leased | 26 | 26 | 0.0% | 327 | 301 | 8.6% |
| Average licensed beds | 6,371 | 6,187 | 3.0% | 23,871 | 23,252 | 2.7% |
| Average available beds | 6,195 | 6,011 | 3.1% | 23,771 | 23,169 | 2.6% |
| Patient days | 727,620 | 692,496 | 5.1% | 3,251,336 | 3,187,973 | 2.0% |
| Average daily census | 4,020.2 | 3,825.8 | 5.1% | 17,963.2 | 17,613.1 | 2.0% |
| Occupancy-licensed beds | 63.1% | 61.8% | 2.0% | 75.3% | 75.7% | -0.7% |
| Occupancy-available beds | 64.9% | 63.6% | 2.0% | 75.6% | 76.0% | -0.6% |
| Admissions | 159,542 | 151,640 | 5.2% | 245,394 | 240,449 | 2.1% |
| Length of stay | 4.6 | 4.6 | -0.1% | 13.2 | 13.3 | -0.1% |
| Inpatient revenue | \$ 14,215,639 | \$ 12,525,776 | 13.5% | \$ 5,031,625 | \$ 4,851,152 | 3.7% |
| Outpatient revenue | 8,659,922 | 7,474,987 | 15.9% | 535,239 | 522,718 | 2.4% |
| Total patient revenue | 22,875,561 | 20,000,763 | 14.4% | 5,566,864 | 5,373,870 | 3.6% |
| Other revenue | 223,343 | 198,358 | 12.6% | 110,739 | 101,178 | 9.4% |
| Gross hospital revenue | 23,098,904 | 20,199,121 | 14.4% | 5,677,603 | 5,475,048 | 3.7% |
| Total deductions | 20,052,351 | 17,349,498 | 15.6% | 3,070,979 | 2,962,969 | 3.6% |
| Net hospital revenue | \$ 3,046,553 | \$ 2,849,623 | 6.9% | \$ 2,606,624 | \$ 2,512,079 | 3.8% |

SAME FACILITY:

| | ACUTE | | | BEHAVIORAL HEALTH | | |
|----------------------------|----------|----------|----------|-------------------|-----------|----------|
| | 06/30/19 | 06/30/18 | % change | 06/30/19 | 06/30/18 | % change |
| Hospitals owned and leased | 26 | 26 | 0.0% | 288 | 288 | 0.0% |
| Average licensed beds | 6,371 | 6,187 | 3.0% | 22,842 | 22,598 | 1.1% |
| Average available beds | 6,195 | 6,011 | 3.1% | 22,742 | 22,515 | 1.0% |
| Patient days | 727,620 | 692,496 | 5.1% | 3,156,169 | 3,137,870 | 0.6% |
| Average daily census | 4,020.2 | 3,825.8 | 5.1% | 17,437.4 | 17,336.3 | 0.6% |
| Occupancy-licensed beds | 63.1% | 61.8% | 2.0% | 76.3% | 76.7% | -0.5% |
| Occupancy-available beds | 64.9% | 63.6% | 2.0% | 76.7% | 77.0% | -0.4% |
| Admissions | 159,542 | 151,640 | 5.2% | 242,175 | 238,076 | 1.7% |
| Length of stay | 4.6 | 4.6 | -0.1% | 13.0 | 13.2 | -1.1% |