

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2010</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☒ the final return/report; ☒ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>CASH BALANCE PENSION PLAN FOR THE EMPLOYEES OF UPMC LEE REGIONAL</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>010</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>04/01/1963</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>010</u>	1c Effective date of plan <u>04/01/1963</u>	
1b Three-digit plan number (PN) ▶	<u>010</u>				
1c Effective date of plan <u>04/01/1963</u>					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>UPMC</u> <u>USS TOWER, 56TH FL, 600 GRANT ST</u> <u>PITTSBURGH, PA 15219</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>25-1423657</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>412-647-7905</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>622000</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>25-1423657</u>	2c Sponsor's telephone number <u>412-647-7905</u>	2d Business code (see instructions) <u>622000</u>	
2b Employer Identification Number (EIN) <u>25-1423657</u>					
2c Sponsor's telephone number <u>412-647-7905</u>					
2d Business code (see instructions) <u>622000</u>					
<u>200 LOTHROP STREET</u> <u>PITTSBURGH, PA 15219</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	04/17/2012	MICHAEL HURLEY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") UPMC USS TOWER, 56TH FL, 600 GRANT ST PITTSBURGH, PA 15219	3b Administrator's EIN 25-1423657 3c Administrator's telephone number 412-647-7905
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	1301
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1C 1G

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
(2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
(2) ☐ **I** (Financial Information – Small Plan)
(3) ☐ **A** (Insurance Information)
(4) ☒ **C** (Service Provider Information)
(5) ☒ **D** (DFE/Participating Plan Information)
(6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>CASH BALANCE PENSION PLAN FOR THE EMPLOYEES OF UPMC LEE REGIONAL</u>	B Three-digit plan number (PN) ▶ <u>010</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>UPMC</u>	D Employer Identification Number (EIN) <u>25-1423657</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>50902730</u>
b Actuarial value	2b <u>55219893</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>682</u> <u>30669559</u>
b For terminated vested participants	3b <u>619</u> <u>20194193</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>0</u>
(2) Vested benefits	3c(2) <u>0</u>
(3) Total active	3c(3) <u>0</u>
d Total	3d <u>1301</u> <u>50863752</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.63</u> %
6 Target normal cost	6 <u>295000</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/04/2011</u>
Signature of actuary	Date
<u>JASON M. BRAVO</u>	<u>11-05569</u>
Type or print name of actuary	Most recent enrollment number
<u>HEWITT ASSOCIATES LLC</u>	<u>216-573-9700</u>
Firm name	Telephone number (including area code)
<u>5005 ROCKSIDE ROAD, SUITE 1000</u> <u>INDEPENDENCE, OH 44131-6828</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	4722496	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	4722496	0
10	Interest on item 9 using prior year's actual return of <u>15.71</u> %	741904	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		4533843
b	Interest on (a) using prior year's effective rate of <u>8.21</u> %		372229
c	Total available at beginning of current plan year to add to prefunding balance		4906072
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	5464400	0

Part III		Funding percentages	
14	Funding target attainment percentage.....	14	97.82 %
15	Adjusted funding target attainment percentage.....	15	108.56 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	110.00 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV		Contributions and liquidity shortfalls			
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ►			18(b)	0	18(c)
				0	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 0
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 58
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☐ Yes ☒ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	295000
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	295000
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	295000	0
36 Additional cash requirement (item 34 minus item 35).....	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	0
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010	
A Name of plan CASH BALANCE PENSION PLAN FOR THE EMPLOYEES OF UPMC LEE REGIONAL	B Three-digit plan number (PN) ► 010
C Plan sponsor's name as shown on line 2a of Form 5500 UPMC	D Employer Identification Number (EIN) 25-1423657

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation HEWITT FINANCIAL SERVICES LLC 36-3943169
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(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

HEWITT ASSOCIATES

36-2235791

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15	RECORDKEEPER	58174	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

BUCHANAN INGERSOL & ROONEY

25-1698000

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29	LEGAL	32112	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

ERNST & YOUNG, LLP

34-6565596

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	AUDITOR	29598	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

BANK OF NEW YORK MELLON, N.A.

25-0659306

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21	TRUSTEE	14212	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan CASH BALANCE PENSION PLAN FOR THE EMPLOYEES OF UPMC LEE REGIONAL	B Three-digit plan number (PN) ►	010
C Plan sponsor's name as shown on line 2a of Form 5500 UPMC	D Employer Identification Number (EIN) 25-1423657	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	5585555	0
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	45928005	0
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	51513560	0

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	96317	0
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	96317	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	51417243	0
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		0

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		6226923
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		6226923

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3459361	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		3459361
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	96071	
(2) Contract administrator fees	2i(2)	38025	
(3) Investment advisory and management fees	2i(3)	91797	
(4) Other	2i(4)	45483	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		271376
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		3730737

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		2496186
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		53913429

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG, LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....		X	
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☐ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
UPMC BASIC RETIREMENT PLAN	25-1423657	333

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>CASH BALANCE PENSION PLAN FOR THE EMPLOYEES OF UPMC LEE REGIONAL</u>	B Three-digit plan number (PN) ▶ <u>010</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>UPMC</u>	D Employer Identification Number (EIN) <u>25-1423657</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>25-1904499</u> Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3 <u>9</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☒ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☒ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 43% Investment-Grade Debt: 13% High-Yield Debt: 0% Real Estate: 3% Other: 41%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

FINANCIAL STATEMENTS

Cash Balance Pension Plan for Employees
of UPMC Lee Regional
Years Ended December 31, 2010 and 2009
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Financial Statements

Years Ended December 31, 2010 and 2009

Contents

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Report of Independent Auditors

The Plan Sponsor
Cash Balance Pension Plan for Employees
of UPMC Lee Regional

We were engaged to audit the accompanying statements of net assets available for benefits of the Cash Balance Pension Plan for Employees of UPMC Lee Regional as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 4, which was certified by The Bank of New York Mellon/BNY Mellon, N.A., the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

October 11, 2011

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Statements of Net Assets Available for Benefits

	December 31	
	2010	2009
Assets		
Investments, at fair value:		
Interest in Master Trust	\$ —	\$ 45,928,005
	—	45,928,005
Receivables:		
Contribution from employer	—	5,585,555
Total assets	—	51,513,560
Liabilities		
Accrued administrative expenses	—	96,317
Net assets available for benefits	<u>\$ —</u>	<u>\$ 51,417,243</u>

See accompanying notes.

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31	
	2010	2009
Additions		
Investment income:		
Net appreciation in fair value and interest and dividend income from interest in UPMC Master Trust	\$ 6,226,923	\$ 7,996,930
Contributions:		
Employer contributions	—	5,585,555
Total additions, net of investment losses	6,226,923	13,582,485
Deductions		
Benefits paid	3,459,361	3,889,766
Administrative expenses	271,376	322,206
	3,730,737	4,211,972
Transfers:		
Transfer to other qualified plan	53,913,429	—
Total deductions	57,644,166	4,211,972
Net (decrease) increase	(51,417,243)	9,370,513
Net assets available for benefits:		
Beginning of year	51,417,243	42,046,730
End of year	\$ —	\$ 51,417,243

See accompanying notes.

Cash Balance Pension Plan for Employees of UPMC Lee Regional

Notes to Financial Statements

December 31, 2010 and 2009

1. Description of the Plan

General

The Cash Balance Pension Plan for Employees of UPMC Lee Regional (the Plan) is a trustee noncontributory cash balance defined-benefit retirement plan covering employees of UPMC Lee Regional and its subsidiaries and affiliates (the Hospital). The Plan provides retirement, disability, and death benefits to eligible participating employees. The following description provides only general information. Participants should refer to the plan document and the summary plan description for a more complete description of the Plan's provisions.

Effective July 1, 1993, the Plan was amended and converted to become a cash balance plan. In connection with the conversion to the cash balance design, participants' accrued benefits as of July 1, 1993, were converted to a lump-sum present value including interest. Prior to July 1, 2003, participants received an annual contribution allocation based on participants' years of service ranging between 4% to 8% of eligible pay. Retirees through June 30, 2003, had the option of calculating their benefit based on the defined benefit or cash balance formula. For retirees after July 1, 2003, only the cash balance formula will apply, although the June 30, 2003 frozen accrued benefit will remain as a grandfathered minimum benefit payable under the Plan. Effective July 1, 2003, the Plan was amended to offer UPMC Basic Retirement Plan's Community Plan Design in which participants' annual contribution allocations range from 3.5% to 6.0% of eligible pay based on age and benefit service.

On January 27, 2003, the Board of Directors of UPMC Lee Regional approved a resolution that the assets of the Plan be transferred to the UPMC Master Trust, to be invested in the UPMC Master Trust as a separate account. The UPMC Master Trust also holds the assets of another UPMC benefit plan. The assets were transferred into the UPMC Master Trust in July 2003.

Effective July 1, 2003, the Plan was amended as follows:

- Plan year-end changed from June 30 to December 31. Effective January 1, 2004, the plan year will then be a calendar year.
- Plan name was changed to the Cash Balance Pension Plan for Employees of UPMC Lee Regional.

**Cash Balance Pension Plan
for Employees of UPMC Lee Regional**

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

- Definition of one year of service for employees was changed from 950 hours per year to 1,000 hours per year.
- Payment options were expanded to include lump-sum payments, a joint and 75% survivor spouse annuity, a period certain and continuous life annuity for certain periods, and a ten-year period certain.
- Plan adopted the Community Plan Design approach as offered by the UPMC Basic Retirement Plan.

On August 1, 2005, all of the assets of UPMC Lee Regional were sold to Conemaugh Health System. In anticipation of the sale, and effective April 26, 2005, the UPMC Lee Regional Board of Directors passed a resolution to transfer the sponsorship of the Plan to UPMC, to transfer the position of plan administrator to UPMC, and to assign and transfer all the rights, privileges, and obligations held by the plan sponsor and the plan administrator under the Plan to UPMC (Plan Sponsor). Effective July 31, 2005, benefit accruals and contributions for employees of UPMC Lee Regional and its subsidiary, Community Nursing, Inc., were frozen and participants became fully vested regardless of their years of vesting service. Effective December 31, 2005, benefit accruals and contributions for employees of the Walnut Management Group, which were covered by this Plan, were also frozen, and these employees became fully vested regardless of their vesting service.

Contributions from the Plan Sponsor are based on amounts required to be funded under the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and additional amounts at the discretion of the Plan Sponsor.

For the plan year ended December 31, 2010, there was an ERISA minimum funding requirement due in the amount of \$295,000. The Plan's required funding for 2010 was satisfied with the Plan's funding standard carryover balance, as recommended by the Plan's actuary, which was used to offset the minimum required contribution.

**Cash Balance Pension Plan
for Employees of UPMC Lee Regional**

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

For the plan year ended December 31, 2009, there was an ERISA minimum funding requirement due in the amount of \$385,000. UPMC elected to make a total contribution of \$5,585,555 for the plan year ended December 31, 2009, exceeding the ERISA minimum funding requirement, to maintain the Plan above a 90% funded level of current liability.

UPMC has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- a. Benefits attributable to employee contributions, taking into account those paid out before termination.
- b. Annuity benefits former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under plan provisions in effect at any time during the five years preceding plan termination.
- c. Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC), a U.S. governmental agency, up to the applicable limitations.
- d. All other vested benefits, that is, vested benefits not insured by the PBGC.

Plan Merger

Effective December 31, 2010, the Plan was merged into the UPMC Basic Retirement Plan. The net assets transferred out of the Plan are reflected on the statement of changes in net assets available for benefits as a transfer to other qualified plan.

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Administrative Expenses

All administrative expenses are paid by the Plan, which includes trustee's fees, actuary's fees, and other pension plan related fees.

Subsequent Events

Management evaluated subsequent events for the Plan through October 11, 2011, the date the financial statements were available to be issued.

Investment Valuation and Income Recognition

The Plan's investments, which are held in the UPMC Master Trust (Master Trust), are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 5 for further discussion of fair value measurements.

The interest in Master Trust includes investments in partnership interests, representing investments in hedge funds approximating \$148,547,464 and \$116,987,282 and venture capital funds approximating \$242,014,229 and \$196,912,112 as of December 31, 2010 and 2009, respectively. As of December 31, 2010, UPMC has outstanding commitments to invest up to \$159,615,492 in private capital funds from the Plan.

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 amended certain of the disclosures required under Accounting Standards Codification (ASC) 820. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each "class" of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2, and 3 of the fair value hierarchy and present information regarding the purchases, sales, issuances, and settlements of Level 3 assets and liabilities on a gross basis. With the exception of the requirement to present changes in Level 3 measurements on a gross basis, which is delayed until 2011, the guidance in ASU 2010-06 is effective for reporting periods beginning after December 15, 2009. Since ASU 2010-06 only affects fair value measurement disclosures, adoption of ASU 2010-06 did not affect the Plan's net assets available for benefits or its changes in net assets available for benefits.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures (although certain of these new disclosures will not be required for nonpublic entities). The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

**Cash Balance Pension Plan
for Employees of UPMC Lee Regional**

Notes to Financial Statements (continued)

3. Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the participants to the valuation date. Accumulated plan benefits include benefits expected to be paid to retired or terminated participants or their beneficiaries. Benefits for retired or terminated participants or their beneficiaries are based on plan provisions in effect at the time when the participants terminated service. Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included in the calculation of the accumulated plan benefits to the extent they are deemed attributable to employee service rendered to the valuation date.

The Plan's actuary estimated the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The accumulated plan benefit information is determined by the Plan's actuary as of the beginning of the year. The actuarial present value of accumulated plan benefits as of the end of the previous plan year is as follows:

	December 31, 2009
Actuarial present value of accumulated plan benefits:	
Vested benefits:	
Participants currently receiving payments	\$ 27,401,055
Participants with deferred benefits	17,104,544
Total vested benefits and total actuarial present value of accumulated plan benefits	<u>\$ 44,505,599</u>

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Notes to Financial Statements (continued)

3. Accumulated Plan Benefits (continued)

The change in the actuarial present value of accumulated plan benefits is as follows:

Actuarial present value of accumulated plan benefits as of beginning of year, January 1, 2009	\$ 44,284,149
Increase (decrease) during the year attributed to:	
Interest accumulation	3,378,546
Benefits accumulated and the effect of gains and losses for the year	790,936
Assumption change	(58,266)
Benefits paid	<u>(3,889,766)</u>
Net increase	221,450
Actuarial present value of accumulated plan benefits as of end of year, December 31, 2009	<u>\$ 44,505,599</u>

Significant assumptions underlying the actuarial computations are:

Actuarial cost method	Standard unit credit cost method
Assumed rate of return on investment	8%
Mortality basis	Healthy: RP-2000 Combined Healthy Mortality Table Projected to 2011 by Scale AA
	Disabled: RP-2000 Combined Disabled Mortality Table Projected to 2011 by Scale AA
Retirement age	Age 58 for deferred vested participants

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The accumulated plan benefits information presented herein does not include the effects of the merger of the Plan into the UPMC Basic Retirement Plan effective December 31, 2010.

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Notes to Financial Statements (continued)

4. Investments

All investment information, other than the fair value of the partnership interests and related net appreciation, disclosed in the accompanying financial statements, including investments held at December 31, 2010 and 2009, net appreciation (depreciation) in fair value and interest and dividend income from interest in the Master Trust for the years ended December 31, 2010 and 2009, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the trustee, The Bank of New York Mellon/BNY Mellon, N.A. (BNY Mellon). The Plan Sponsor recorded the fair value of the partnership interests using valuations obtained directly from the partnerships through December 31, 2010 and 2009, in the accompanying financial statements.

The Plan's investments are held in the Master Trust, which was established for the investment of assets of the Plan and another UPMC-sponsored retirement plan. Each participating retirement plan has an undivided interest in the Master Trust. The Master Trust assets are allocated among the participating plans by assigning to each plan those transactions (primarily contributions, benefit payments, and plan-specific expenses) that can be specifically identified and by allocating among all plans, in proportion to each plan's beneficial interest in the Master Trust, income and expenses resulting from the collective investment of the assets of the Master Trust. At December 31, 2010 and 2009, the Plan's interest in the net assets of the Master Trust was approximately 0% and 6%, respectively.

The following table presents the net assets, including investments, of the Master Trust:

	December 31	
	2010	2009
Master Trust investments, at fair value:		
(Certified by trustee):		
Cash	\$ 217,697	\$ 170,991
Corporate debt instruments	420,000	378,244
Corporate stocks	75,750,580	90,403,094
Interest in common/collective trust funds	56,489,748	52,395,368
Interest in registered investment companies	425,144,523	289,074,248
(Not certified by trustee):		
Limited partnerships	390,561,693	313,899,394
	<u>948,584,241</u>	<u>746,321,339</u>
Net receivables	418,045	203,253
	<u>\$ 949,002,286</u>	<u>\$ 746,524,592</u>

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Notes to Financial Statements (continued)

4. Investments (continued)

Following is a summary of appreciation (depreciation) and interest and dividend income of the Master Trust's investments (including investments bought, sold, and held during the year) for the years ended December 31, 2010 and 2009:

	Year Ended December 31	
	2010	2009
Net appreciation (depreciation) in fair value of investments:		
(Certified by trustee):		
Cash	\$ 14,748	\$ 8,175
Corporate debt instruments	48,228	(651,043)
Corporate stocks	12,510,115	24,314,202
Interest in common/collective trust funds	7,933,521	10,242,255
Interest in registered investment companies	45,112,763	48,894,461
	<u>65,619,375</u>	<u>82,808,050</u>
(Not certified by trustee):		
Limited partnerships	46,228,787	31,996,800
Net appreciation in fair value of Master Trust investments	<u>111,848,162</u>	<u>114,804,850</u>
Master Trust interest and dividend income	<u>15,772,428</u>	<u>10,477,787</u>
Total net appreciation in fair value and interest and dividend income	<u><u>\$ 127,620,590</u></u>	<u><u>\$ 125,282,637</u></u>

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Notes to Financial Statements (continued)

5. Fair Value Measurements

Fair value is defined under ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.
- Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:
 - Quoted prices for similar assets and liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in markets that are not active
 - Observable inputs other than quoted prices that are used in the valuation of the asset or liabilities (e.g., interest rate and yield curve quotes at commonly quoted intervals)
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Notes to Financial Statements (continued)

5. Fair Value Measurements (continued)

Following is a description of the valuation techniques and inputs used for each major class of assets in the Master Trust measured at fair value:

Cash is valued at the closing price reported on an active currency market on which it is traded.

Corporate stocks are valued at the closing price reported on the active market on which the individual securities are traded.

Registered investment companies are valued based on quoted market prices, which represent the net asset value (NAV) of shares held by the Plan at year-end. The NAV is a quoted price in an active market.

Corporate debt instruments are valued at fair value, which is estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. The quoted market prices for the specific securities are not available in an active market.

Common/collective trust funds (funds) are valued at estimated fair values, which have been determined based on the unit values of the funds. Unit values are determined by the issuer sponsoring such funds by dividing the fund's net assets at fair value by its units outstanding at the valuation dates.

Limited partnerships are valued using NAV, which approximates fair value. NAV is based on the unit values of the interests. Unit values are determined by the issuer sponsoring such interests by dividing the fund's net assets at fair value by its units outstanding at the valuation dates.

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Notes to Financial Statements (continued)

5. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2010.

	Level 1	Level 2	Level 3	Total
Assets:				
Cash	\$ 217,697	\$ —	\$ —	\$ 217,697
Corporate stocks:				
U.S. Large Cap	8,490,782	—	—	8,490,782
U.S. Small Cap	17,342,347	—	—	17,342,347
International Developed	23,463,837	—	—	23,463,837
Emerging Market	10,534,758	—	—	10,534,758
U.S. REITS	15,918,856	—	—	15,918,856
Total corporate stocks	75,750,580	—	—	75,750,580
Fixed income securities:				
Corporate debt instruments	—	420,000	—	420,000
Registered investment companies:				
Domestic index funds	150,772,451	—	—	150,772,451
Domestic fixed income funds	110,801,595	—	—	110,801,595
U.S. REITS	9,003,660	—	—	9,003,660
International developed equity fund	22,120,758	—	—	22,120,758
International equity index fund	34,408,980	—	—	34,408,980
International emerging market funds	98,037,079	—	—	98,037,079
Total registered investment companies	425,144,523	—	—	425,144,523
Common/collective trust funds ^(a)	—	56,489,748	—	56,489,748
Private equity and hedge investments:				
Private Real Estate ^(b)	—	—	25,180,948	25,180,948
Private Natural Resources ^(c)	—	—	22,250,451	22,250,451
Absolute Return Hedge Funds ^(d)	—	—	64,006,029	64,006,029
Long/Short Hedge Funds ^(e)	—	—	84,541,435	84,541,435
Private Equity ^(f)	—	—	194,582,830	194,582,830
Total private equity and hedge investments	—	—	390,561,693	390,561,693
Total assets at fair value	\$ 501,112,800	\$56,909,748	\$ 390,561,693	\$ 948,584,241

**Cash Balance Pension Plan
for Employees of UPMC Lee Regional**

Notes to Financial Statements (continued)

5. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2009.

	Level 1	Level 2	Level 3	Total
Assets:				
Cash	\$ 170,991	\$ —	\$ —	\$ 170,991
Corporate stocks:				
U.S. Large Cap	31,598,969	—	—	31,598,969
U.S. Small Cap	11,982,206	—	—	11,982,206
International Developed	25,060,756	—	—	25,060,756
Emerging Market	10,616,512	—	—	10,616,512
U.S. REITS	11,144,651	—	—	11,144,651
Total corporate stocks	90,403,094	—	—	90,403,094
Fixed income securities:				
Corporate debt instruments	—	378,244	—	378,244
Registered investment companies:				
Domestic index funds	86,830,712	—	—	86,830,712
Domestic fixed income funds	103,962,512	—	—	103,962,512
International equity index funds	23,128,949	—	—	23,128,949
International developed equity fund	20,005,806	—	—	20,005,806
International emerging market funds	55,146,269	—	—	55,146,269
Total registered investment companies	289,074,248	—	—	289,074,248
Common/collective trust funds ^(a)	—	52,395,368	—	52,395,368
Private equity and hedge investments:				
Private Real Estate ^(b)	—	—	23,127,436	23,127,436
Private Natural Resources ^(c)	—	—	15,748,753	15,748,753
Absolute Return Hedge Funds ^(d)	—	—	60,576,031	60,576,031
Long/Short Hedge Funds ^(e)	—	—	57,444,320	57,444,320
Private Equity ^(f)	—	—	157,002,854	157,002,854
Total private equity and hedge investments	—	—	313,899,394	313,899,394
Total assets at fair value	\$ 379,648,333	\$ 52,773,612	\$ 313,899,394	\$ 746,321,339

- ^(a) The investment objective for these funds is to achieve long-term capital growth. Liquidity provisions vary per fund, with most being permitted to redeem on valuation date with written notification at least one month prior to redemption. The valuation date varies per fund, but ranges mainly from weekly to monthly. Fund managers can reserve the right to suspend redemptions under certain market conditions.

**Cash Balance Pension Plan
for Employees of UPMC Lee Regional**

Notes to Financial Statements (continued)

5. Fair Value Measurements (continued)

- (b) The investment objective of these partnerships is to invest in commercial real estate properties and real estate related assets primarily in the industrial, office, hospitality, retail and multi-family sectors that can provide for long-term capital appreciation and a current income component. It is estimated that the underlying assets of the funds will be liquidated over five to ten years and there is no ability for the Plan Sponsor to redeem prior to the conclusion of the partnerships. The outstanding commitment to invest in these funds is up to \$16,670,600.
- (c) The investment objective of these funds is to acquire energy assets such as oil and natural gas production, oilfield services, power generation, and other natural resources-related industries that have the potential for meaningful capital appreciation. It is estimated that the underlying assets of the funds will be liquidated over five to ten years and there is no ability for the Plan Sponsor to redeem prior to the conclusion of the partnerships. The outstanding commitment to invest in these funds is up to \$27,161,936.
- (d) The investment objective for these funds is to invest with the goal of generating a positive real return without correlation to general markets. While specific liquidity provisions vary by fund, redemptions are generally permitted on a monthly or quarterly basis. While fund managers reserve the right to suspend redemptions under certain market conditions, no such conditions exist as of December 31, 2010 and through October 11, 2011, the date these financial statements were available to be issued.
- (e) The investment objective for these funds is to invest with the goal of generating a return similar to equity markets with less volatility. While specific liquidity provisions vary by fund, redemptions are generally permitted on a monthly, quarterly, or annual basis. While fund managers reserve the right to suspend redemptions under certain market conditions, no such conditions exist as of December 31, 2010 and through October 11, 2011, the date these financial statements were available to be issued.
- (f) The investment objective of these partnerships is to achieve long-term capital appreciation through a diversified portfolio of leveraged buyout, growth equity, venture capital, structured equity and distressed debt investment opportunities throughout the globe. It is estimated that the underlying assets of the funds will be liquidated over five to ten years and there is no ability for the Plan Sponsor to redeem prior to the conclusion of the partnerships. The outstanding commitment to invest in these funds is up to \$115,782,957.

**Cash Balance Pension Plan
for Employees of UPMC Lee Regional**

Notes to Financial Statements (continued)

5. Fair Value Measurements (continued)

The table below sets forth a summary of changes in the fair value of the Master Trust's Level 3 assets.

	Private Equity and Hedge Investments	
	Year Ended December 31	
	2010	2009
Balance, beginning of year	\$ 313,899,394	\$ 269,502,497
Realized gains	10,963,710	8,759,854
Unrealized gains relating to instruments still held at the reporting date	35,265,077	22,681,860
Purchases, sales, issuances, and settlements (net)	30,433,512	12,955,183
Balance, end of year	<u>\$ 390,561,693</u>	<u>\$ 313,899,394</u>

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated October 21, 2010, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The Plan Sponsor believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan, as amended, is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

Cash Balance Pension Plan
for Employees of UPMC Lee Regional

Notes to Financial Statements (continued)

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

8. Related-Party Transactions

Certain of the Plan's assets are invested in funds managed by the trustee of the Plan. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA.

Ernst & Young LLP

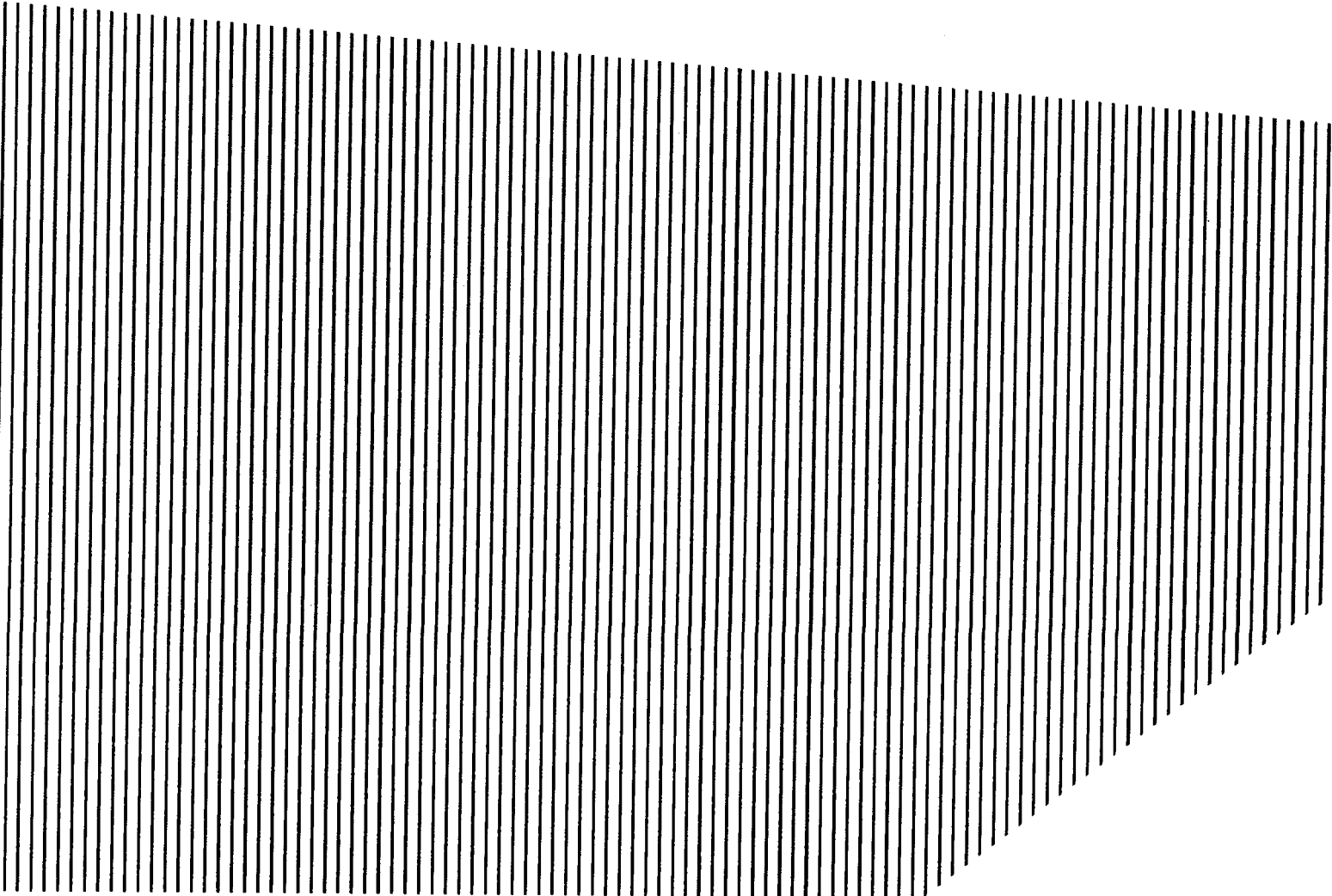
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**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2010**This Form is Open to Public
Inspection**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Cash Balance Plan for the Employees of UPMC Lee Regional	B Three-digit plan number (PN) ▶ 010
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF UPMC	D Employer Identification Number (EIN) 25-1423657
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>		
2 Assets:		
a Market value.....	2a	50,902,730
b Actuarial value.....	2b	55,219,893
3 Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 682	30,669,559
b For terminated vested participants.....	3b 619	20,194,193
c For active participants:		
(1) Non-vested benefits.....	3c(1)	0
(2) Vested benefits.....	3c(2)	0
(3) Total active.....	3c(3) 0	0
d Total.....	3d 1,301	50,863,752
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐		
a Funding target disregarding prescribed at-risk assumptions.....	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b	
5 Effective interest rate.....	5	6.63 %
6 Target normal cost.....	6	295,000

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

Jason Bravo

Signature of actuary

10/04/2011

Date

Jason M. Bravo

11-05569

Type or print name of actuary

Most recent enrollment number

Hewitt Associates LLC

(216) 573-9700

Firm name

Telephone number (including area code)

5005 Rockside Road, Suite 1000

Independence

OH 44131-6828

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	4,722,496	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	4,722,496	0
10 Interest on item 9 using prior year's actual return of <u>15.71</u> %	741,904	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		4,533,843
b Interest on (a) using prior year's effective rate of <u>8.21</u> %		372,229
c Total available at beginning of current plan year to add to prefunding balance		4,906,072
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	5,464,400	0

Part III Funding percentages

14 Funding target attainment percentage	14	97.82 %
15 Adjusted funding target attainment percentage	15	108.56 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	110.00 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year				
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th	
0	0	0	0	0

Part V Assumptions used to determine funding target and target normal cost**21** Discount rate:**a** Segment rates:1st segment:
5.03 %2nd segment:
6.73 %3rd segment:
6.82 %☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

4

22 Weighted average retirement age**22**

58

23 Mortality table(s) (see instructions) ☐ Prescribed - combined☒ Prescribed - separate☐ Substitute**Part VI Miscellaneous items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No**27** If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.**27****Part VII Reconciliation of unpaid minimum required contributions for prior years****28** Unpaid minimum required contribution for all prior years**28**

0

29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....**29**

0

30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29).....**30**

0

Part VIII Minimum required contribution for current year**31** Target normal cost, adjusted, if applicable (see instructions).....**31**

295,000

32 Amortization installments:

Outstanding Balance

Installment

a Net shortfall amortization installment

0

0

b Waiver amortization installment.....

0

0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount**33****34** Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33).....**34**

295,000

35 Balances used to offset funding requirement

Carryover balance

Prefunding balance

Total balance

295,000

0

295,000

36 Additional cash requirement (item 34 minus item 35).....**36**

0

37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....**37**

0

38 Interest-adjusted excess contributions for current year (see instructions).....**38**

0

39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....**39**

0

40 Unpaid minimum required contribution for all years**40**

0

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
EIN: 25-1423657 PN: 010

Schedule SB, line 22—Description of Weighted Average Retirement Age

The average retirement age shown in line 22 is equal to a single point retirement age assumption for deferred vested participants of age 58.

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
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Schedule SB, Part V—Statement of Actuarial Assumptions/Methods

Interest Rates	Based on segment rates with a four-month look-back (as of September 2009).
1st Segment Rate	5.03%.
2nd Segment Rate	6.73%.
3rd Segment Rate	6.82%.
Cash Balance Interest Crediting Rate	4.60% (4.00% for pre-07/01/1993 design).
Cash Balance Annuity Conversion Rate	4.60%.
COLA Increases	4.50% per year for eligible retirees and terminated vested participants.
Optional Payment Form Election Percentage	100% of retirees are assumed to elect a lump sum for eligible benefits; the remainder of benefits are assumed to be paid as a single life annuity.
Retirement Age	
Active Participants	None.
Terminated Vested Participants	Age 58.
Mortality Rates	
Healthy and Disabled	2010 Static Mortality Table for Annuitants and Non-Annuitants Per §1.430(h)(3)-1(e).
Withdrawal Rates	None.
Disability Rates	None.
Surviving Spouse Benefit	It is assumed that 100% of males and 100% of females have an eligible spouse, and that males are three years older than their spouses.
Benefit Limits	Projected benefits are limited by the current IRC section 415 maximum benefit of \$195,000.

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
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Valuation of Plan Assets

Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value.

A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).

Expected Return on Assets

2008 Plan Year

6.43%.

2009 Plan Year

6.69%.

Trust Expenses Included in Target Normal Cost

\$295,000 based on the prior year's actual plan administrative expenses, rounded to the nearest \$5,000.

Actuarial Method

Standard Unit Credit Cost Method.

Valuation Date

January 1, 2010.

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
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Schedule SB, Part V—Summary of Plan Provisions

Eligibility for Participation	Attainment of age 21 and completion of 1,000 hours of service.
Normal Retirement Eligibility	Age 65 (for terminations prior to July 1, 2003, age 65 with 5 years of participation).
Monthly Benefit	<p>The greater of (1) and (2):</p> <ol style="list-style-type: none">1. The monthly benefit derived for the cash balance account, including Pay Credits and Interest Credits.2. The monthly benefit based on the sum of (a) and (b):<ol style="list-style-type: none">(a) 1.0% of Frozen Average Monthly Compensation times Service as of June 30, 2003.(b) 0.45% of Frozen Average Monthly Compensation in excess of \$575 times Service as of June 30, 2003. <p>Benefit accruals for all participants, except Walnut Management, are frozen effective July 31, 2005. Benefit accruals for Walnut Management participants are frozen effective December 31, 2005.</p>
Early Retirement Eligibility	<p>For benefits accrued prior to July 1, 2003, attainment of one of the following:</p> <ol style="list-style-type: none">1. Age 602. 20 years of Service3. Age 55 and 15 years of Service
Monthly Benefit	Normal Retirement benefit, reduced 3% per year prior to age 65 until age 56, and actuarially reduced prior to age 56. For participants who terminate after June 30, 2003 whose benefit is based on the cash balance account, the early retirement benefit is the actuarial equivalent monthly benefit.

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
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Disability Retirement
Eligibility

Total and permanent disability and qualify for Social Security disability benefits.

Benefit

Determined from the cash balance developed under the normal retirement formula as of the date of disability.

Preretirement Survivor Benefit
Eligibility

All active participants and deferred vested participants.

Benefit

A monthly benefit equal to the actuarial equivalent of 100% of the participant's cash balance account, payable as an annuity for the life of the spouse. (For terminations prior to July 1, 2003, 50% of a participant's accrued benefit, reduced for early retirement and the 50% joint and survivor option, payable to a beneficiary commencing on the later of the date the participant would have attained age 55 and the date of death.)

Vested Termination Benefits
Eligibility

Five years of Service.

Benefit

Accrued benefit payable at Normal Retirement age, or payable at Early Retirement age with reductions as for early retirement. Pay credits are not granted after termination, but interest credits continue until benefit commencement. For terminations after June 30, 2003, a lump-sum benefit is available at termination.

Cost-of-Living Adjustment

Retirees and terminated vested participants as of June 30, 1984 are eligible for future cost-of-living adjustments on their pension benefits. The adjustment will begin on August 31 after the benefit has been in pay status for a full plan year and continue each August 31 thereafter. The amount of the adjustment is the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, Revised Series (U.S. City Average—all items) as published by the Bureau of Labor Statistics.

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
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Form of Payment	Life annuity for single participants. Actuarial equivalent 50% joint and survivor annuity for married participants. Participants with benefit accruals after July 1, 2003 may also elect several optional forms of payment, including 50%, 66-2/3%, 75%, and 100% contingent annuitant options; 36-, 60-, 120-, 180-, and 240-month certain and continuous options; an age 62 Social Security adjustment option; an immediate single life annuity; a full cash refund annuity; and a 10-year certain only option. Other participants may elect 50%, 66-2/3%, 75%, and 100% joint and survivor options.
Lump Sum Optional Form	A lump sum form of payment is available after July 1, 2003. The amount of the lump sum is limited to the account balance. If the present value of the accrued benefit is greater than the account balance, the excess benefit is paid in the normal form or any available optional form.
Definitions	
Service	A year of service is credited for each calendar year during which a participant is paid for at least 1,000 hours.
Compensation	Total compensation, plus elective contributions and deferrals, less long-term bonuses, taxable fringe benefits, and severance or change in control payments.
Average Monthly Compensation	The average of the highest 5 consecutive calendar years out of the last 10 calendar years preceding the date of determination.
Frozen Average Monthly Compensation	Average Monthly Compensation as of June 30, 2003.

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
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Pay Credits

Prior to July 1, 2003, based on Service and the following table:

Service	Percent of Pay Allocation
1 to 5	4.0%
6 to 10	5.0%
11 to 19	6.0%
20+	8.0%

Beginning July 1, 2003, based on the sum of age and Service, as of December 31 of the prior year, and the following table:

Age + Service	Percent of Pay Allocation
Less than 36	3.5%
36 to 49	4.0%
50 to 69	5.0%
70+	6.0%

Eligible participants also received an additional 2% Pay Credit per year through 2005.

Interest Credits

The account balance accrued prior to July 1, 2003 increases each year based on the 3-month Treasury bill rate as of each July 1, plus 1%. The minimum interest crediting rate is 4%.

Effective July 1, 2003, the account balance increases based on the 30-year Treasury bond rate, updated each quarter. The rate for each quarter is determined based on the rate in effect two months prior to the beginning of each quarter.

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
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Changes in Plan Provisions Since the Prior Year

The funding valuation reflects the following plan change:

- An update to the mortality and interest rates for determining minimum lump sum payments under IRC section 417(e)(3) to the applicable rates for the current plan year.

Other Information to Fully and Fairly Disclose the Actuarial Position of the Plan

Due to software limitations with the electronic filing process, information filed electronically cannot be controlled by the Enrolled Actuary. The values on the signed Schedule SB will govern to the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB.

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
EIN: 25-1423657 PN: 010

Schedule SB, line 24—Change in Actuarial Assumptions

The funding valuation reflects the following assumption changes:

- A change in the mortality assumption from the 2009 Static Mortality Table for Annuitants and Non-Annuitants per§1.430(h)(3)-1(e) to the 2010 Static Mortality Table for Annuitants and Non-Annuitants per§1.430(h)(3)-1(e).
- The cash balance interest crediting rate assumption was changed from 4.75% to 4.60%.

The mortality assumption change is prescribed, so approval of the Commissioner is not required. The cash balance interest crediting rate assumption change did not reduce the funding shortfall by more than \$50 million or 5 percent of the Funding Target, as such approval of the Commissioner is not required for this change.

Schedule SB Attachment (Form 5500)—2010 Plan Year
Cash Balance Plan for the Employees of UPMC Lee Regional
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Schedule SB, line 25—Change in Funding Method

The funding valuation reflects the following method changes:

- A change in the interest rate basis from the full yield curve with a two-month look-back (as of October 2008) to segment rates with a four-month look-back (as of September 2009).
- A change in the asset valuation method from a one-year (two-point) smoothed value method to a two-year (three-point) smoothed value method.

These changes have automatic approval under final regulations, Notice 2009-22 or other IRS guidance.