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Strategic Alliance Nets \$16 Million Savings at UPHS *Agreement sets the stage for cooperative research and visiting partners program*

(Philadelphia, Pa.)- **The University of Pennsylvania Health System (UPHS)** announced it has formed a strategic alliance with Siemens Medical Systems, Inc. designed to save the Health System as much as \$16 million over eight years and set the stage for innovative and cooperative research.

Under the terms of the alliance's purchasing agreement, UPHS will make an initial purchase of cardiology, radiology and radiation oncology equipment from Siemens. The agreement has two primary components: UPHS can purchase Siemens's diagnostic equipment at contractual discounts based on the compliance levels of future purchases of diagnostic equipment.; and Siemens, a leading manufacturer of medical and diagnostic tools, has also agreed to service and maintain biomedical equipment already in place at designated UPHS sites over the life of the agreement.

In addition, UPHS and Siemens are developing joint research programs and a visiting partners program. As part of the Visiting Partners program, UPHS and Siemens will share executives on selected projects and hold joint educational sessions on issues of mutual concern. Executives from UPHS and from Siemens will meet quarterly to review the agreement.

Research projects will be developed over the next several months on a department-by-department basis and are expected to get underway later in the year.

"This is the kind of alliance that will be critical in our continuing financial recovery and to assure our position as a leading national health system," said **Robert D. Martin, Ph. D.**, Chief Executive Officer of UPHS. "Our alliance offers ample incentive for us to work with Siemens to explore avenues for further collaboration. It is a blueprint for a meaningful and mutually beneficial relationship that we will turn to again as we move ahead."

Thomas N. McCausland, president and CEO of Siemens Medical Systems, Inc., notes that, "innovations like this strategic alliance are an important and prudent by-product of the evolving health care environment. UPHS has long been at the forefront of advances in medicine and we're looking forward to working with a world-class institution to provide excellent health care."

"Working together, we've crafted an alliance that is based on more than purchasing services," said **William Ferniany, Ph.D.**, senior vice president of Administrative and Network Services. "Siemens's understanding of the healthcare marketplace and their willingness to be an innovative and progressive participant adds real value to our alliance."

The alliance, which has been in its formative stages for more than a year, was developed in conjunction with the consulting group **Innovative Health Strategies LLC**

"We are delighted to have had the opportunity to assist UPHS in designing and implementing a unique transaction for the purchase of and servicing of capital equipment that will contribute to UPHS' overall financial recovery," said **Philip D. Green**, of **Innovative Health Strategies LLC**. "The Siemens strategic alliance reflects a true partnership among clinical leadership, administration and a pre-eminent equipment and service vendor to improve quality and reduce costs."

The **University of Pennsylvania Health System** was established in 1993 as the nation's first fully integrated academic health system. It is comprised of the University of Pennsylvania Medical Center [Penn's School of Medicine, the nation's first medical school; and the Hospital of the University of Pennsylvania (HUP), the nation's first teaching hospital], Pennsylvania Hospital (the nation's first hospital), Presbyterian Medical Center, Phoenixville Hospital, as well as educationally-affiliated hospitals, multi-specialty facilities, a primary-care provider network, and a home health, hospice, and long-term care.

The University of Pennsylvania Health System is committed to excellence and innovation in patient care, medical education and research. This year, the Hospital of the University of Pennsylvania was named one of the country's top-ten "Honor Roll" hospitals by *U.S. News & World Report* in that magazine's annual survey of the best hospitals in America. In another survey by that magazine, Penn's School of Medicine was ranked number three in the nation. In addition, the School of Medicine has been ranked number two in the nation in terms of research funding granted by the National Institutes of Health (NIH) – perhaps the single most important barometer of research strength.

Based in Iselin, N.J., **Siemens Medical Systems, Inc.**, is the US affiliate of Siemens Medical Solutions, Erlangen, Germany. The company offers complete integrated solutions comprising innovative medical devices, advanced information technology, as well as consulting services that increase efficiency of the healthcare system while improving the quality of care to patients worldwide. In fiscal 1999/2000, Siemens Medical Solutions reported new orders of 5.3 billion Euro (\$5.65 billion in US dollars), sales of 5.1 billion Euro (\$5.44 billion) and employed 27,000 worldwide.