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ANNUAL REPORT 2012

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UCSF Medical Center

UCSF Benioff Children's Hospital

FOCUS FORWARD



Dear friends,

At UCSF Medical Center and UCSF Benioff Children's Hospital, we have an unwavering focus to deliver the highest quality and safest care to our patients. Instead of waiting for change to affect us, we've taken bold steps to shape it.

Several accomplishments highlighted in this report illustrate our progress. For example, our new women's, children's and cancer hospitals in the Mission Bay neighborhood of San Francisco are on track to open on Feb. 1, 2015. These hospitals were designed from the ground up to embody safety, quality and efficiency. We implemented one of the most comprehensive electronic health records systems, and our approach to reducing hospital readmissions for heart failure patients has become a national model.

These highlights represent the many paths UCSF is taking to improve care, not just for our patients today, but for future generations. We are fortunate to have earned the support of many – community members, donors, employees and others – who are equally invested in our success.

Finally, in addition to our incredible staff, I'd like to provide special recognition to our donor community. Your support is the engine that fuels these ideas and helps us move them forward into life-changing solutions. Thank you for your generosity and for joining us on this journey to improve care for the patients and families we serve.

Sincerely,

Mark R. Laret

Chief Executive Officer

UCSF Medical Center and UCSF Benioff Children's Hospital

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*On June 30, 2012



FOCUS ON THE FUTURE

“Topping Out” a Groundbreaking Year for UCSF Medical Center at Mission Bay

UCSF Medical Center at Mission Bay celebrated a major milestone on Oct. 17, 2011, with the placement of a 1,600-pound beam – painted white and decorated with colorful autographs of construction workers, employees, donors and supporters, along with art created by hospitalized children and adults – atop the new hospital complex. This event signified the end of the structural steel phase of the new medical center.

The “Topping Out” Celebration, a tradition in building construction, came almost one year after the official groundbreaking ceremony for the world-class hospital complex for children, women and cancer patients in San Francisco’s Mission Bay neighborhood. When the hospital complex opens on Feb. 1, 2015, the 289-bed facility will set a new standard for patient- and family-centered health care, safety, sustainability and translational medicine.

The hospital complex will include a 183-bed children’s hospital with urgent/emergency care and specialty outpatient services; a women’s hospital offering specialty surgery and a 36-bed birth center; and a 70-bed adult hospital for cancer patients. The close proximity of the hospital complex to UCSF’s 42.5-acre biomedical research campus will speed the application of laboratory discoveries to the treatment of patients in the Bay Area and beyond.

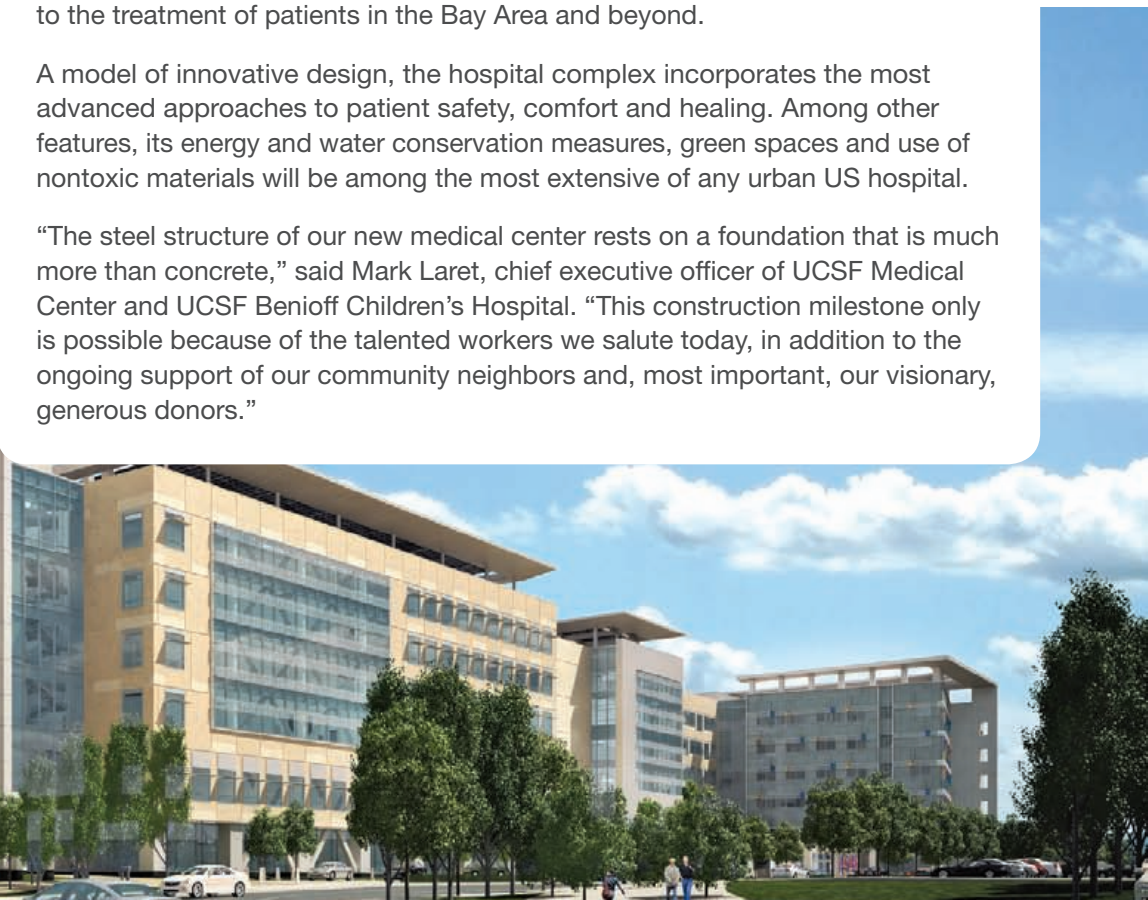
A model of innovative design, the hospital complex incorporates the most advanced approaches to patient safety, comfort and healing. Among other features, its energy and water conservation measures, green spaces and use of nontoxic materials will be among the most extensive of any urban US hospital.

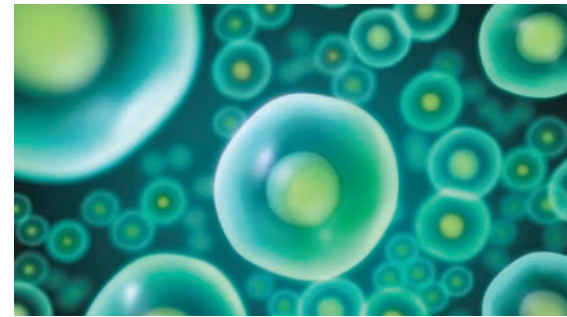
“The steel structure of our new medical center rests on a foundation that is much more than concrete,” said Mark Laret, chief executive officer of UCSF Medical Center and UCSF Benioff Children’s Hospital. “This construction milestone only is possible because of the talented workers we salute today, in addition to the ongoing support of our community neighbors and, most important, our visionary, generous donors.”



Above: CEO Mark Laret signs the “Topping Out” beam with Malia Cohen, San Francisco Supervisor, District 10.

This page: Architectural renderings and mock-ups of patient rooms at UCSF Medical Center at Mission Bay, opening Feb. 1, 2015.





YEAR IN REVIEW 2012

UCSF Medical Center's focus forward is trained on one goal: continuously improving the exceptional care we provide our patients.

This objective is realized in many ways, including rapidly translating scientific discovery into promising new treatments, providing the most advanced therapies, developing innovative programs that address significant health issues and creating the safest environment possible. Here are some highlights from the fiscal year ending June 30, 2012.

Among the Nation's Best

UCSF Medical Center ranked among the nation's top premier hospitals for the 11th consecutive year, and UCSF Benioff Children's Hospital was ranked among the nation's best pediatric hospitals in nine specialties, according to annual surveys conducted by *U.S. News & World Report*.

New Cancer Care Affiliation

A new collaboration between the UCSF Helen Diller Family Comprehensive Cancer Center and Community Hospital of the Monterey Peninsula will enhance patient care and access to clinical trials.

Automated Pharmacy Wins *Popular Science* Award

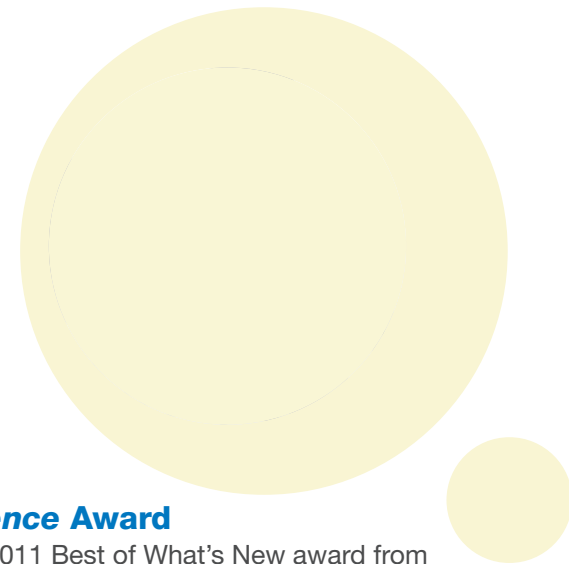
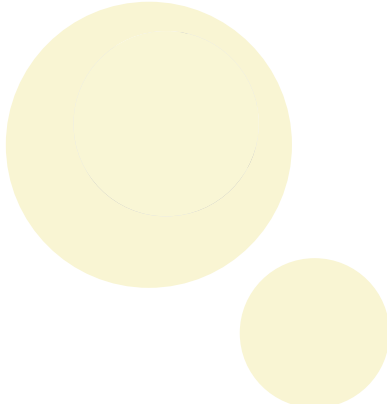
UCSF Medical Center's automated pharmacy won a 2011 Best of What's New award from *Popular Science*. These awards recognize 100 innovations that indicate where technology is headed in the future.

An "Over Performer" in Bone Marrow Transplant Survival Rates

The Hematology and Blood and Marrow Transplant (BMT) Program at UCSF Medical Center was again named an "over performer" by the Center for International Blood and Marrow Transplant Research (CIBMTR). This is the second consecutive year the service has been recognized as an over performer.

A Major Gift for Neuroscience Research and Care

UCSF received a challenge gift of \$20 million from the Sandler Foundation that will provide major support for the university's groundbreaking research and clinical care efforts in neurological diseases.





Healthgrades Gives UCSF Top Marks

Healthgrades, a leading provider of comprehensive information about physicians and hospitals, published a list of hospitals in the United States receiving the 2012 Healthgrades awards for outstanding patient experience and excellence in patient safety. UCSF Medical Center was the only hospital in California to lead in patient satisfaction and patient safety, according to the report.

Fundraising Milestone Reached

The fundraising campaign to build the new UCSF Medical Center at Mission Bay achieved a major milestone, surpassing the \$400 million mark in philanthropic gifts. This brought the campaign more than two-thirds of the way to its \$600 million goal.

A Perfect Score for Health Care Equality

UCSF Medical Center became the only institution in the United States to receive a perfect score on the national LGBT Healthcare Equality Index (HEI) for five consecutive years. The HEI annually invites health care facilities nationwide to rate themselves on providing equitable, inclusive care for lesbian, gay, bisexual and transgender (LGBT) patients and their families.

Transition to Electronic Health Records System Complete

UCSF Medical Center took a major step forward in advancing patient safety and quality of care by investing in and implementing one of the most comprehensive electronic health records systems in the United States.

Heart Failure Program Reduces Readmissions

A program at UCSF Medical Center aimed at reducing repeat hospitalizations in heart failure patients over age 65 has cut readmission rates by 30 percent. The program provides support and information to patients and their families before and after discharge.

Recognized for Sustainability Excellence

For the third consecutive year, Practice Greenhealth (PGH) recognized UCSF Medical Center and UCSF Benioff Children's Hospital for sustainability excellence. The medical center received the PGH Partner for Change with Distinction award on May 3.

A Link in the Nation's Longest Living Kidney Transplant Chain

Gabriel Baty and Olivo Cienfuegos both received kidney transplants at UCSF Medical Center as part of the longest living kidney donation chain in history, covering 17 hospitals in 11 states. The chain consisted of 30 people willing to donate their kidney, matched with 30 more who needed one to survive.



Fiscal years ending June 30, 2011, and June 30, 2012
(dollars in thousands)

2012 2011

BALANCE SHEET

Assets

Total current assets	677,524	756,924
Capital assets, net	1,297,071	957,406
Cash restricted for hospital construction	377,307	628,185
Other assets	41,799	30,991
Total assets	2,393,701	2,373,506

Liabilities and Net Assets

Total current liabilities	263,972	243,937
Long-term debt and capital leases, net of current portion	889,407	946,642
Other liabilities	71,162	59,423
Total liabilities	1,224,541	1,250,002
Net assets	1,169,160	1,123,504
Total liabilities and net assets	2,393,701	2,373,506

INCOME STATEMENT

Operating Revenue

Net patient service revenue	1,945,325	1,864,052
Other operating revenue	31,809	25,152
Total operating revenue	1,977,134	1,889,204

Operating Expenses

Salaries and employee benefits	943,024	841,510
Supplies and purchased services	751,879	700,318
Depreciation and amortization	90,259	81,474
Other	96,387	91,494
Total operating expenses	1,881,549	1,714,796

Income from operations	95,585	174,408
Nonoperating expenses, net	5,161	32,559
Net income	100,746	206,967

ADDITIONAL INFORMATION

Uncompensated/undercompensated care	160,045	140,426
Reinvestment in facilities and equipment	428,723	216,512

FINANCIALS

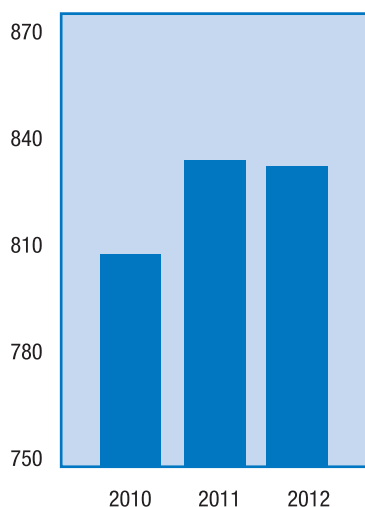
Building a Healthy Community

UCSF Medical Center is self-supporting and uses its margins to meet important needs in our communities, including training physicians and other health professionals, supporting medical research, investing in new clinical technology, and building and operating facilities to serve the diverse needs of our patients.

These margins are also used to provide care to the medically and financially needy. In fiscal year 2012, UCSF Medical Center delivered \$160 million in care for which it received no payments or payments that were less than the cost of the care provided.

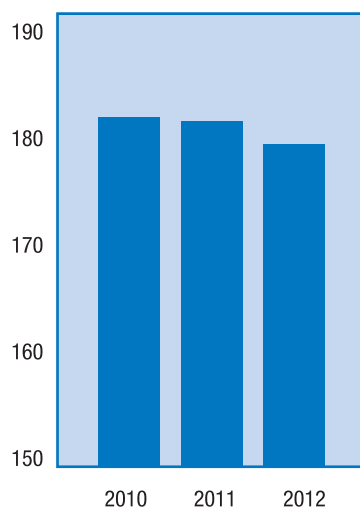
Outpatient Activity

Patient visits in thousands



Inpatient Activity

Patient days in thousands



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**To support UCSF Medical Center
and UCSF Benioff Children's Hospital:**
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The 2012 annual report of UCSF Medical Center and UCSF Benioff Children's Hospital was produced by the Marketing Department.

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UCSF Medical Center

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