

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2003

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2003 calendar year, or tax year beginning _____, **and ending** _____

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
MILLS-PENINSULA HEALTH SERVICES
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
 1783 EL CAMINO REAL
 City or town State or country ZIP + 4
 BURLINGAME CA 94010

D Employer identification number
94-1156265

E Telephone number
 (916) 286-6665

F Accounting method: Cash Accrual
 Other (specify) _____

G Website: www.sutterhealth.org

J Organization type (check only one) 501(c) (3) (insert no.) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **321,891,159**

H and I are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates _____
H(c) Are all affiliates included? Yes No (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number _____

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I		Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)		
Revenue	1 Contributions, gifts, grants, and similar amounts received:			
	a Direct public support	1a	315,154	
	b Indirect public support	1b	2,236,089	
	c Government contributions (grants)	1c		
	d Total (add lines 1a through 1c) (cash \$ 2,551,243 noncash \$ _____)	1d	2,551,243	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2	312,384,777	
	3 Membership dues and assessments	3		
	4 Interest on savings and temporary cash investments	4	999,284	
	5 Dividends and interest from securities	5	301,591	
	6 a Gross rents	6a	3,222,529	
	b Less: rental expenses	6b	3,134,061	
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c	88,468	
7 Other investment income (describe _____)	7			
Revenue	8 a Gross amount from sales of assets other than inventory . SEE STMT LN 8 (B)	(A) Securities	(B) Other	
		8a	411,314	
	b Less: cost or other basis and sales expenses	8b	516,506	
	c Gain or (loss) (attach schedule)	8c	-105,192	
	d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	-105,192	
	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	a Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a		
	b Less: direct expenses other than fundraising expenses	9b		
c Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
Revenue	10 a Gross sales of inventory, less returns and allowances	10a		
	b Less: cost of goods sold	10b		
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		
	11 Other revenue (from Part VII, line 103)	11	2,020,421	
	12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	318,240,592	
	Expenses	13 Program services (from line 44, column (B))	13	250,758,294
		14 Management and general (from line 44, column (C))	14	29,083,883
		15 Fundraising (from line 44, column (D))	15	
		16 Payments to affiliates (attach schedule)	16	
		17 Total expenses (add lines 16 and 44, column (A))	17	279,842,177
18 Excess or (deficit) for the year (subtract line 17 from line 12)	18	38,398,415		
19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	90,773,902		
20 Other changes in net assets or fund balances (attach explanation) . SEE STATEMENT LINE 20	20	-20,685,042		
21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	108,487,275		

For Paperwork Reduction Act Notice, see the separate instructions.

MILLS-PENINSULA HEALTH SERVICES
 EIN: 94-1156265
 FORM 990
 FOR THE YEAR END DECEMBER 31, 2003

STATEMENT LINE 75
 OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES PAID BY RELATED ENTITIES.

Name	Related Entity Paying Compensation	Organization Titles	Base Compensation	Annual Performance Award [c]	Long-Term Performance Award [d]	Deferred Comp. Vesting in 2003	Contributions to Employee Benefit Plan		Expense Account
							Pension & Other Benefits	Non-Vested Def. Comp.	
William Carpenter	Sutter Health	COO Mills-Peninsula Health Services COO & Director Mills-Peninsula Senior Focus	268,728	28,700	0	25,532 [a]	18,623	25,700 [b]	1,432
Adel Dixon	Sutter Health	CFO Mills-Peninsula Health Services CFO Mills-Peninsula Hospital Foundation CFO Mills-Peninsula Senior Focus	181,879	21,100	0	6,800 [a]	14,023	6,700 [b]	479
David Druker, MD	Sutter Health	CEO Peninsula Coastal Area CEO & Trustee Palo Alto Medical Foundation Director Mills-Peninsula Health Services Trustee Sutter Maternity & Surgery Center of Santa Cruz Chair & Trustee Sutter Santa Cruz	480,829	103,900	161,160	35,200 [a]	23,433	43,200 [b]	4,104
Patrick Fry	Sutter Health	Executive VP & COO Sutter Health Trustee Alta Bates Health System Director California Pacific Medical Center Director Marin Community Health Director Marin Home Care Director Marin General Hospital Director Novato Community Hospital Trustee Sutter Medical Center of Santa Rosa Trustee Palo Alto Medical Foundation Trustee Sutter Maternity & Surgery Center of Santa Cruz Trustee Sutter Santa Cruz Trustee Sutter Solano Medical Center Director Mills-Peninsula Health Services Director St. Luke's Hospital Trustee Physician Foundation at California Pacific Medical Center Trustee Sutter Medical Foundation Trustee Sutter Health Sacramento Sierra Region Trustee Sutter Regional Medical Foundation	608,319	110,380	388,450	0	25,306	70,200 [b]	4,120
Jeff Gerard	Sutter Health	CFO Mills-Peninsula Health Services CFO Mills-Peninsula Senior Focus Trustee Mills-Peninsula Hospital Foundation Secretary/Treasurer & Trustee Sutter Santa Cruz	244,424	37,700	0	21,940 [a]	19,015	10,400 [b]	223
Robert Merwin	Sutter Health	CEO & Director Mills-Peninsula Health Services CEO & Director Mills-Peninsula Senior Focus Trustee Mills-Peninsula Hospital Foundation	325,981	37,600	105,400	377 [a]	20,046	29,800 [b]	4,793

[a] Vested deferred compensation represents the amount vesting in 2003. The principal contributions by Sutter Health into an investment account were previously reported as non-vested deferred compensation.

[b] This amount has been set aside for the employee until he/she is legally entitled to the amount. Once the employee has met all vesting requirements the amount is included as vested deferred compensation.

[c] The employee received an annual performance award in the year 2003. This award reflects organization performance, including quality and network integration over a one-year period of time.

[d] The employee received a long-term performance award in the year 2003. This award reflects organization performance, including quality and network integration over a three-year period of time.

The compensation reported above represents the total compensation of the named individual in return for all services provided to Sutter Health (94-2788907) and its related organizations.
 The identity of the entity that actually provided compensation is listed under the "Related Entity" column.