

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
SUTTER HEALTH
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
2200 RIVER PLAZA DRIVE
 City or town State or country ZIP + 4
SACRAMENTO CA 95833

D Employer identification number
94-2788907

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 **606,798,913**

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	237,040	
	b Indirect public support	1b		
	c Government contributions (grants)	1c		
	d Total (add lines 1a through 1c) (cash \$ 237,040 noncash \$ _____)	1d		237,040
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		249,957,580
	3 Membership dues and assessments	3		
	4 Interest on savings and temporary cash investments	4		
	5 Dividends and interest from securities	5		10,359,116
	6a Gross rents	6a	492,392	
b Less: rental expenses	6b	464,371		
c Net rental income or (loss) (subtract line 6b from line 6a)	6c		28,021	
7 Other investment income (describe _____)	7			
Revenue	8a Gross amount from sales of assets other than inventory SEE STMT LN 8 (A) & 8 (B)	(A) Securities		(B) Other
		342,861,237	8a	5,457
		322,126,932	8b	NONE
		20,734,305	8c	5,457
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		20,739,762	
Revenue	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	a Gross revenue (not including \$ 9,340 of contributions reported on line 1a) SEE STATEMENT LN 9	9a	10,899	
	b Less: direct expenses other than fundraising expenses	9b	6,813	
c Net income or (loss) from special events (subtract line 9b from line 9a)	9c		4,086	
Revenue	10a 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		2,875,192	
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		284,200,797	
Expenses	13 Program services (from line 44, column (B))	13		286,998,989
	14 Management and general (from line 44, column (C))	14		8,622,136
	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		295,621,125
18 Excess or (deficit) for the year (subtract line 17 from line 12)	18		-11,420,328	
19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		313,946,641	
20 Other changes in net assets or fund balances (attach explanation) SEE STATEMENT LINE 20	20		190,605,282	
21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		493,131,595	

(HTA)

SUTTER HEALTH
 EIN: 94-2788907
 FORM 990
 FOR THE YEAR END DECEMBER 31, 2003

STATEMENT PART V
 OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES

Name	Avg. Hrs. per Week	Organization Title	Base Compensation		Annual Performance Award [c]	Long-Term Performance Award [d]	Deferred Comp. Vesting in 2003 [a]	Contributions to Employee Benefit Plan		Expense Account
			Board Fees	25,000				Pension & Other Benefits	Non-Vested Def. Comp. [b]	
Ralph Andersen 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health (Chair)	Board Fees	25,000	0	0	0	0	0	0
Mary Jane Armacost 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees	25,000	0	0	0	0	0	0
Gary Depolo 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees	25,000	0	0	0	0	0	0
Michael Evans 2200 River Plaza Drive Sacramento, CA 95833	40 Hours	Sr. VP & Chief Risk Officer Sutter Health CEO & Director Sutter Insurance Services Corporation		250,874	36,187	106,760	17,500	17,115	17,600	4,534
James Farrell 2200 River Plaza Drive Sacramento, CA 95833	40 Hours	Sr. VP Strategy & Organizational Development Sutter Health		410,336	61,600	240,550	38,500	22,924	41,400	3,129
Kennel Friedman 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees	25,000	0	0	0	0	0	0
Patrick Fry 2200 River Plaza Drive Sacramento, CA 95833	40 Hours	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	4,120
Jim Gray 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees	25,000	0	0	0	0	0	0
John Hummel 2200 River Plaza Drive Sacramento, CA 95833	40 Hours	Sr. VP & Chief Information Officer Sutter Health		315,588	46,750	0	19,081	21,035	22,400	4,522
Gordon Hunt, MD 2200 River Plaza Drive Sacramento, CA 95833	40 Hours	Sr. VP & Chief Medical Officer Sutter Health Trustee Alta Bates Summit Medical Center Trustee Berkeley Long-Term Care Company Asst. Secretary & Trustee Sutter VNA & Hospice VP Internal Audit Sutter Health		448,870	67,560	237,150	0	24,351	39,100	472
David Jeppson 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees	25,000		0	0	0	0	4,896

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							Pension & Other Benefits	Non-Vested Def. Comp. (b)	
Van R. Johnson 2200 River Plaza Drive Sacramento, CA 95833	40 Hours	President & CEO Sutter Health Director Sutter Health Trustee Palo Alto Medical Foundation Director Sutter Insurance Services Corporation	882,867	217,500	688,500	154,468	25,708	99,300 (e)	31,203
Cyndi Kettmann 2200 River Plaza Drive Sacramento, CA 95833	40 Hours	Sr. VP Public Affairs Sutter Health	233,808	34,400	134,300	0	15,412	14,000	2,940
Gary Loveridge 2200 River Plaza Drive Sacramento, CA 95833	40 Hours	Sr. VP & General Counsel Sutter Health Assistant Secretary Sutter Health Chair & Director Sutter Insurance Services Corporation Trustee Sutter Medical Center of Santa Rosa Trustee Sutter Regional Medical Foundation	377,757	55,400	237,150	30,598	21,219	31,400	6,968
Lawrence G. Mohr, Jr. 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees 25,000	0	0	0	0	0	0
Dennis J. O'Connell 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees 25,000	0	0	0	0	0	0
Robert Reed 2200 River Plaza Drive Sacramento, CA 95833	40 Hours	Sr. VP & CFO Sutter Health Trustee Sutter Regional Medical Foundation	422,243	67,400	250,750	0	23,805	39,600	4,621
Michael A. Roosevelt 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health (Chair Finance & Planning Committee)	Board Fees 25,000	0	0	0	0	0	0
Ted Saenger 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health (Secretary)	Board Fees 25,000	0	0	0	0	0	0
Robert J. Swanson, MD 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees 25,000	0	0	0	0	0	0
Sharon Woo 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees 25,000	0	0	0	0	0	3,639
Don Wreden, MD 2200 River Plaza Drive Sacramento, CA 95833	4 Hours	Director Sutter Health	Board Fees 25,000	0	0	0	0	0	0

(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.

(e) Employee is also entitled to benefits pursuant to a Supplemental Employee Retirement Plan ("SERP"). With respect to the year 2003, employer has set aside \$240,000 to fund the SERP. The benefits payable, in accordance with the SERP, are subject to a substantial risk of forfeiture by the employee.