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January 6, 2012

Municipal Securities Rulemaking Board  
Electronic Municipal Market Access (EMMA)  
1900 Duke Street, Suite 600  
Alexandria, VA 22314

RE: City of Hope Management Discussion and Analysis (MD&A) and other continuing disclosure for the year ended September 30, 2011 for the 1999 City of Duarte Certificates of Participation (COPS) and the parity debt issued on May 26, 2006. 1999 COPS CUSIP #s 263584CV4, 263584CW2, 263584CX0, 263584CY8, 263584CZ5, 263584DM3, 263584DN1, 263584DA9, 263584DB7, 263584DC5, 263584DD3

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To Whom It May Concern:

Enclosed in this package are the following items:

1. Management Discussion and Analysis for the fourth quarter and the year ended September 30, 2011;
2. Unaudited combining financial statements for the fourth quarter and the twelve months ended September 30, 2011;
3. Statistical information for the fiscal year ended September 30, 2011;
4. Audited Financial Statements for the year ended September 30, 2011

This disclosure information for the year ended September 30, 2011, is a required disclosure per the continuing disclosure agreement. The combining condensed financial statements included with this MD&A do not include all of the required disclosures or groupings of accounts required by U.S. Generally Accepted Accounting Principles for the financial statements. Our financial statement audit for the fiscal years ended September 30, 2011 and 2010 has been completed. Enclosed with this cover letter are the MD&A, our internal fiscal year combining financial statements and the audited financial statements.

From time to time, the City of Hope and Affiliates (Affiliates defined as City of Hope National Medical Center, City of Hope Medical Foundation and the Beckman Research Institute of the City of Hope) may discuss forward-looking information. Except for the historical information contained in this release, all forward-looking statements are predictions by our management and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements as they occur and become known over time to be materially different from those expressed or implied by

such forward looking statements. Such factors include the City of Hope National Medical Center's third-party contracts; the City of Hope and Affiliates' ability to effectively manage employee compensation, pharmaceuticals, employee health benefits and other operating expenses; competition; changes in healthcare practices; changes in federal or state laws or regulations or the interpretation thereof; reduction in provider payments by governmental payers; disasters; contributions; patent income that is dependent upon sales of pharmaceuticals with intense market competition and subject to challenge; litigation and numerous other factors impacting the delivery and cost of healthcare and research endeavors.

Any questions or comments on the above information should be addressed to the undersigned by email at [gconner@coh.org](mailto:gconner@coh.org).

Sincerely,

A handwritten signature in black ink, appearing to read "G. Conner". The signature is stylized and written over a faint, larger version of the name "Gary F. Conner".

Gary F. Conner  
Chief Financial Officer

GFC/vt

cc: Certificates of Participation Holders  
Rating Agencies  
Mr. Michael Keane, Chair, City of Hope Board of Directors Audit Committee  
Mr. Selwyn Isakow, Chair, City of Hope Board of Directors Finance Committee

Management Discussion and Analysis (MD&A)  
Including Liquidity and Capital Sources for  
City of Hope (COH) and Affiliates  
For the Twelve Months Ended September 30, 2011

## Operating Results

Combined net operating revenues for the twelve months ended September 30, 2011 and 2010, amounted to \$972.2 million and \$904.4 million, respectively. The increase is mainly attributable to the recognition of \$46.4 million during the second quarter from the California Hospital Fee Program and \$21.4 million of net patient service revenue from the City of Hope Medical Foundation (both discussed in a later footnote).

Combined income from operations for the twelve months ended September 30, 2011 and 2010, amounted to \$76.0 million and \$110.8 million, respectively.

Net patient service revenue for the twelve months ended September 30, 2011, was \$601.2 million and compares favorably to \$521.3 million in the previous year. Excluding the California Hospital Fee Program receipts from net patient service revenues and the Foundation's net patient service revenue, the Center's 2011 net patient service revenues are \$533.4 million, 2.3% higher than the prior year. Inpatient volumes compared to the prior year continue to lag behind, mainly in the Bone Marrow Transplant (BMT) and surgical service lines. BMT volumes during the third and fourth quarters improved over the previous two quarters by 20%, which contributed significantly to an increased utilization in services within a complicated service line. Outpatient volumes for the year were 2% ahead of prior year. We believe that some of the declines in patient volumes have been directly attributable to physician involvement in the formation and development of a medical foundation model for health care delivery (discussed later in this MD&A). Most of the negotiations involved physician leaders in several major disciplines where much of the declines have been experienced. Since the finalization of the transaction, volumes have begun to increase and are returning to budgeted levels.

Contributions and net revenues from special events for the twelve months ended September 30, 2011 and 2010, amounted to \$79.1 million and \$103.0 million, respectively. We believe contributions continued to be down as direct result of on-going negative economic factors affecting charitable giving. Fundraising management continues to focus efforts on major gifts and reducing the costs of fundraising.

Royalty revenue for the twelve months ended September 30, 2011 and 2010 amounted to \$200.5 million and \$202.6 million, respectively. Royalty revenues continue to be strong primarily from sales of drugs by Genentech and other licensees of monoclonal antibodies, including Avastin, Rituxan, Herceptin, Erbitux, and others using technology developed at the Beckman Research Institute of the City of Hope ("Beckman"). On December 16, 2010, the U.S. Food and Drug Administration (FDA) recommended removing the breast cancer indication from the label for Avastin based on a finding that it does not provide sufficient benefits to outweigh the risks to breast cancer patients. The action does not affect approvals for use of the drug in treating colon, kidney, brain, and lung cancer. Genentech appealed the FDA's decision; a public hearing was conducted June 28 and 29, 2011 before the FDA's Oncologic Drugs Advisory Committee. Following the hearing, the Committee restated the recommendation. On November 18, 2011, FDA Commissioner Margaret Hamburg agreed and announced the final decision to revoke the breast cancer indication. The decision will have an impact on future sales, however, the actual impact to royalty revenues is uncertain at this time. Avastin was

being used off-label before it was granted conditional approval in February 2008 under the FDA's accelerated approval program, and will again be available for off-label use; in addition, certain insurers have indicated an intention to continue covering the drug for use in treatment of breast cancer.

Extramural grant income and other grant income for the twelve months ended September 30, 2011 totaled \$77.8 million compared to \$66.5 million for the twelve months ended September 30, 2010. We believe that our scientific research is of the highest quality and is deserving of NIH funding, but there is no guarantee that we will continue receiving the same level of NIH funding in future periods.

On a combined basis, operating expenses for the twelve months ended September 30, 2011, are \$896.2 million compared to \$793.6 million in the same period for 2010. Excluding Provider Fee Payments of \$12 million and expenses of the Foundation, the change between the two fiscal periods represents an 8.4% increase in expenses primarily related to salaries and wages and professional fees associated with the creation and establishment of a medical foundation.

### California Hospital Fee Program

The California Hospital Fee Program (the Program) was signed into law by the Governor of California and became effective on January 1, 2010. Amending legislations, to conform to changes requested by the Centers for Medicare & Medicaid Services (CMS) during the approval process, was signed into law by the Governor of California and became effective September 8, 2010. The primary legislation (AB 1383) and amending legislation (AB 1653) contain two components. The Quality Assurance Fee Act governs the "hospital fee" or "Quality Assurance Fee" (QA Fee) paid by participating hospitals. The Medi-Cal Hospital Provider Stabilization Act governs supplemental Medi-Cal payments (Supplemental Payments) made to providers from the fund. Hospital participation is mandatory with limited exceptions.

As of December 31, 2010, the City of Hope National Medical Center (the Center) had made payments to the California Department of Health Care Services for the QA Fee in the amount of \$9.3 million and had received \$41.9 million in Supplemental Payments which were included in the Center's prepaid expenses and deferred revenue, respectively, in the combining statements of financial position as of that date.

The Center also entered into an Enforceable Pledge Agreement with the California Health Foundation and Trust (CHFT) agreeing to make contributions to the CHFT based on a pre-described calculation methodology. The amount agreed to by the Center is estimated to be \$2.7 million and will be used by CHFT to support charitable activities at various independent hospitals and hospital/health systems in California, including measures to alleviate distortions, interruptions and disparities potentially resulting from short-term changes in government health care reimbursement programs including the hospital fee to be imposed on hospitals under the Program. As of December 31, 2010, the Center had made payments to CHFT totaling \$2.7 million which has been reflected in the Center's prepaid expenses in the accompanying unaudited Combining Statements of Financial Position as of that date.

On January 20, 2011 CMS gave final approval of the Program. Subsequent to the final approval, the Center received an additional \$4.5 million in Supplemental Payments. During the second quarter of 2011 the Center recognized \$46.4 million in Provider Fee receipts and \$12 million in Provider Fee payments, and reversed the previously recorded deferred revenue and prepaid expenses.

On May 9, 2011, CMS completed its preliminary review of the major components for a six month extension of the Program for the period January 1, 2011 through June 30, 2011. While this extension is pending final CMS approval the Center has received \$20.6 million in Supplemental payments which

has been recorded in deferred revenue and has paid \$3.6 million in QA fees and CHFT contributions which have been recorded as prepaid expenses as of September 30, 2011.

### Formation of the City of Hope Medical Foundation

The Board of Directors of City of Hope authorized its management to develop a nonprofit medical foundation (the Foundation) to help move the Center towards a more integrated healthcare delivery system, to continue to enhance the quality of the clinical care provided to its patients and the research it conducts and to respond to the recent passage of federal health care reform legislation.

City of Hope sought to form the Foundation in collaboration with the medical group that employed more than 90% of the physicians on the Center's medical staff, California Cancer Specialists Medical Group, Inc. (CCSMG) and to arrange for CCSMG to provide clinical services as well as teaching, administrative and research services (TAR Services) to the Foundation once it was formed. On May 4, 2010, CCSMG filed a lawsuit against City of Hope in Los Angeles Superior Court challenging City of Hope's plan to form the Foundation on a variety of grounds. On May 17, 2010, City of Hope filed a cross-complaint.

On October 22, 2010, the court conducted a hearing on CCSMG's motion for a preliminary injunction, filed August 27, 2010. In that motion, CCSMG sought a preliminary injunction restraining City of Hope and its co-defendant Oncology Specialists of COH, P.C. (OSCOH), a competitor of CCSMG, from (i) recruiting any physician under contract with or who is being recruited by CCSMG, based on CCSMG's claim that City of Hope and OSCOH are interfering with CCSMG's prospective economic relations, and (ii) violating the prohibition against the corporate practice of medicine through its relationship with OSCOH. At the conclusion of the hearing, the Court denied CCSMG's motion ruling that CCSMG failed to show it is likely to succeed on the merits of its corporate practice and interference claims. On November 15, 2010, CCSMG appealed and on December 2, 2010, the Court of Appeal issued a "summary dismissal" of CCSMG's petition for writ of mandate and request for immediate injunction.

In late November 2010, City of Hope, CCSMG and OSCOH began negotiations regarding a resolution of the disputes among them and began working together to create the Foundation and in December 2010, reached an agreement in principle as reflected in a letter of intent. On March 25, 2011, City of Hope and the Foundation signed an agreement to acquire substantially all of the assets of CCSMG. CCSMG's shareholders approved the asset acquisition on April 25, 2011. The Foundation also negotiated a definitive agreement for the acquisition of substantially all of the assets of OSCOH.

On May 31, 2011, the parties closed the medical foundation transaction, with City of Hope acquiring substantially all of the assets of CCSMG for a cash purchase price of \$43.5 million. In connection with the acquisition of CCSMG, the Foundation acquired approximately \$.5 million of prepaid expenses and inventory, \$9.6 million of fixed assets and leasehold improvements, and \$33.4 million of intangible assets, including goodwill. Additional goodwill was recorded subsequent to the transaction date related to contractual obligations defined in the purchase agreement totaling \$.8 million.

On the same date and as part of the closing of the CCSMG transaction, City of Hope acquired substantially all of the assets of OSCOH for a purchase price of \$5.6 million. In connection with the acquisition of OSCOH, the Foundation acquired approximately \$.2 million in net accounts receivable and \$5.4 million of goodwill.

City of Hope believes the fair values assigned to the CCSMG and OSCOH assets acquired were based on reasonable assumptions.

Upon closing, most physicians employed by CCSMG and OSCOH joined together in a new medical group, City of Hope Medical Group, which has signed a long term professional services agreement with the Foundation to provide clinical, teaching, administrative, and research services to the City of Hope entities. Finally, as part of the transaction, City of Hope, CCSMG and OSCOH entered into a settlement agreement and mutual release, and on June 7, 2011, pursuant to the parties' request, the litigation pending between them was dismissed with prejudice.

The range of potential incremental capital and operating commitments in connection with establishing the Foundation are not expected to have a material impact on the financial position of the City of Hope. All costs incurred during 2011 and 2010 in furtherance of creating the framework for and planning for a nonprofit foundation and the costs in connection with the litigation described above, have been expensed as incurred and are included as a component of administrative and general expenses in the accompanying consolidated statements of activities.

### **Liquidity and Capital Resources**

Days cash on hand for the obligated group, City of Hope and the Center, as defined under the 1999 COPS, which includes temporarily restricted net assets, were 275 days as of September 30, 2011 and 294 days as of September 30, 2010. Days cash on hand were negatively impacted by the medical group asset acquisitions during fiscal 2011 totaling \$49.1 million and significant declines in investment market values during the fourth quarter of fiscal 2011. Consolidated unrestricted days cash on hand were 334 and 412 as of September 30, 2011 and 2010, respectively.

Consolidated current ratio is 3.47 and 3.97 as of September 30, 2011 and 2010, respectively and the consolidated quick ratio is 3.37 and 3.90 as of September 30, 2011 and 2010, respectively.

Total City of Hope and Affiliates combined lines of credit available from a local banking institution amount to \$25 million. There are no outstanding balances on these lines of credit as of September 30, 2011. We are in compliance with all financial debt covenants for our borrowing agreements as of September 30, 2011.

### **Leadership**

During the third quarter of fiscal year 2011, Virginia Opipare, Chief Operating Officer (COO), announced her decision to resign her role as COO of the City of Hope. The early announcement of her decision allowed us to begin a search for her successor. During the transition Ms. Opipare has been requested to provide certain transition services and to complete certain special projects in the capacity of Executive Vice President.

A national search was conducted for her replacement and we are pleased to announce that William "Marty" Sargeant has joined City of Hope on November 28, 2011 as Chief Operating Officer. Mr. Sargeant comes to us from the Cleveland Clinic in Florida where he also served as Chief Operating Officer. In his role at City of Hope, Mr. Sargeant is a member of City of Hope's Executive Team and will oversee operations of the City of Hope and Affiliates, including facilities and information technology. Mr. Sargeant will also lead the strategic development and implementation of policies and procedures to support City of Hope's short- and long-term goals.

NOTES TO THE COMBINING FINANCIAL STATEMENTS  
September 30, 2011  
(unaudited)

**1. Basis of Presentation**

City of Hope, a California nonprofit public benefit corporation, with its principal office located in Los Angeles, California, was formed to be the development organization of the Center, the Foundation and the Institute (collectively the Affiliates or the Affiliated Group). City of Hope's management and staff coordinate the fund-raising activities of the many volunteers and donors needed to support the mission of the Affiliated Group related to patient care and research.

The Center, located in Duarte, California, is a California nonprofit public benefit corporation currently operating a 185-bed tertiary referral center with a licensed capacity of 217 beds, treating primarily cancer and other life threatening disease. City of Hope is the sole corporate member of the Center.

The Foundation, located in Duarte, California, is a newly formed, California nonprofit public benefit corporation organized as part of a coordinated health care system to provide an extensive range of medical care and treatment through outpatient clinic facilities and through coordination of patient care and research with the Center and the Institute. City of Hope is the sole corporate member of the Foundation.

The Institute, also located in Duarte, California, is a California nonprofit public benefit corporation organized to conduct basic medical and scientific research. City of Hope is the sole corporate member of Beckman.

The summarized combining financial information included herein has been derived from our audited financial statements for the year ended September 30, 2011. Our complete audited consolidated financial statements for the year ended September 30, 2011 are attached hereto.

**2. Litigation**

The Affiliated Group from time to time is subject to claims arising in the ordinary course of business. In the opinion of management, with the exception of the matters discussed below, the ultimate resolution of legal proceedings and other claims will not have a material adverse effect on the consolidated financial position, statements of activities or cash flows of the Affiliated Group.

City of Hope has been engaged in various proceedings involving challenges to the validity of U.S. Patent No. 6,331,415, issued December 18, 2001, entitled "Methods of Producing Immunoglobulins, Vectors and Transformed Host Cells for Use Therein" ("Cabilly II"), which City of Hope co-owns with Genentech. Cabilly II accounts for a substantial portion of the City of Hope royalty revenue. The proceedings include merged reexamination requests filed by two third parties in 2005 before the U.S. Patent & Trademark Office (PTO), which were resolved favorably for City of Hope and Genentech on May 19, 2009, when the PTO issued a Reexamination Certificate confirming the patentability of all claims of the Cabilly patent, with certain amendments to claims 21 - 32 that do not affect the commercial importance of the patent and suits filed in federal courts by, respectively, Centocor Inc., GlaxoGroup Limited and SmithKline Beecham Corporation and Human Genome Sciences, Inc.

On May 20, 2008, Centocor Inc. sued Genentech and City of Hope in the U.S. District Court for the Central District of California challenging, among other things, the validity of the Cabilly II patent. On September 19, 2008, Genentech and City of Hope answered the complaint and filed counterclaims

against Centocor, including counterclaims alleging that Centocor was infringing the Cabilly II patent. In addition, Genentech (but not City of Hope) asserted additional counterclaims alleging that various Centocor products infringe certain patents owned by Genentech only. On April 30, 2010, the parties settled the case and it was dismissed. City of Hope made no payment in connection with the settlement.

On October 8, 2009, Glaxo Group Limited and SmithKline Beecham Corporation (jointly, Glaxo) sued Genentech and City of Hope in the U.S. District Court for the Southern District of Florida challenging Cabilly II. On December 16, 2009, Genentech and City of Hope filed a motion to dismiss or in the alternative, transfer the action to the U.S. District Court for the Central District of California. On February 17, 2010, the due date of Glaxo's response to the transfer motion, Glaxo dismissed its complaint without prejudice and re-filed the complaint in the U.S. District Court for the Northern District of California. On March 10, 2010, Genentech and City of Hope filed an answer and counterclaim and a motion to transfer the action to the U.S. District Court for the Central District of California. On April 12, 2010, the Court granted the motion to transfer, and the case is now pending in the Central District of California. On February 14, 2011, the Court conducted a Markman hearing, and on February 23, 2011, the Court issued a Claim Construction Order. On March 21, 2011, Genentech and City of Hope filed an amended answer and counterclaim which, among other things, added as counter-defendants Lonza Biologics plc and Lonza Biologics Inc. (jointly, "Lonza"), which are involved in the manufacture of Arzerra, Glaxo's accused antibody drug. Fact discovery in the Glaxo case is complete, and expert discovery is underway.

On January 25, 2011, Human Genome Sciences (HGS) sued Genentech and City of Hope in the U.S. District for the District Court of Delaware challenging Cabilly II ("HGS Challenge I"). HGS is Glaxo's co-development partner of the antibody drug Bynlsta. HGS filed suit after Genentech and City of Hope gave notice to Glaxo in the California action of their intention to add HGS as a new defendant and to add Bynlsta as an accused product. On February 10, 2011, Genentech and City of Hope filed a motion to dismiss or, in the alternative, to transfer HGS Challenge I to the Central District of California or stay.

On February 18, 2011, HGS filed another suit against Genentech, but not City of Hope, alleging violations of the Sherman Act and related state claims in connection with the settlement of an interference proceeding and subsequent patent prosecution activity before the PTO in connection with Cabilly II ("HGS Challenge II"). HGS is seeking, among other things, an order enjoining Genentech from enforcing Cabilly II against HGS. On March 15, 2011, Genentech filed a motion to dismiss or stay HGS Challenge II, and a motion to consolidate HGS Challenge II with HGS Challenge I so that it could be transferred to the Central District as well.

On April 12, 2011, the PTO issued a new Cabilly patent, U.S. Patent No. 7,923,221 entitled "Methods of Making Antibody Heavy and Light Chains Having Specificity for a Desired Antigen" ("Cabilly III"). Genentech and City of Hope are also co-owners of Cabilly III. The application for Cabilly III, filed April 13, 1995, was a continuation of application No. 07/205,419, filed on June 10, 1988, now the Cabilly II patent, which is a continuation of application No. 06/483,457, filed on April 8, 1983, issued as Patent No. 4,816,567 ("Cabilly I"). Cabilly I expired in 2006. Cabilly III is subject to a terminal disclaimer and has the same expiration date as Cabilly II. Also on April 12, 2011, Genentech and City of Hope sued Glaxo, Lonza and HGS in the U.S. District Court for the Central District of California for infringing Cabilly III in connection with the manufacture and sale of Arzerra and Bynlsta. Later the same day, HGS filed suit against Genentech and City of Hope in Delaware challenging the validity of Cabilly III ("HGS Challenge III"). On April 21, 2011, Genentech and City of Hope filed a motion to dismiss, stay or transfer HGS Challenge III to the Central District. In addition, on April 22, 2011, HGS filed a motion for leave to amend the complaint in HGS Challenge I to add to that case HGS' challenge to Cabilly III. City of Hope and Genentech filed an opposition to this motion. On May 18, 2011, the Court conducted a

hearing on all motions. On July 18, 2011, the Court in Delaware granted Genentech and City of Hope's motions to transfer HGS Challenge I, II, and III to the Central District of California. All other motions were denied without prejudice to renew in the Central District. On September 19, 2011, the Court in the Central District of California conducted a hearing on several motions in the pending cases, and on September 26, 2011, issued an order staying HGS Challenge II and the litigation regarding Cabilly III until further order of the Court. On November 21, 2011, the Court also agreed to stay HGS Challenge I and to continue the stay of the cases involving Cabilly III until ruling on anticipated summary judgment motions in the Glaxo case.

The final outcome of the cases involving Glaxo, Lonza and HGS cannot be determined at this time. If the Cabilly II or Cabilly III patent is ultimately declared invalid or unenforceable, royalties under the two Cabilly patents could be significantly reduced or eliminated in the future.

On August 12, 2008, Roberto Crea, PhD (Crea), who formerly worked at City of Hope, filed a complaint in the Los Angeles Superior Court against City of Hope, City of Hope National Medical Center and the Beckman Research Institute of the City of Hope. Crea claimed he was entitled to share in certain revenues that City of Hope received from Genentech. Crea's complaint asserted causes of action for breach of contract, breach of the implied covenant of good faith and fair dealing, breach of fiduciary duty, negligence, conversion, fraudulent concealment, constructive fraud, declaratory relief and accounting. On October 1, 2008, City of Hope removed the case to the United States District Court for the Central District of California. Crea opposed removal, and sought remand to state court. At a hearing on June 8, 2009, the court denied Crea's renewed motion for remand. City of Hope filed a motion to dismiss the complaint, which was later converted to a motion for summary judgment at the Court's direction. The Court conducted a hearing on the motion on July 16, 2009. On October 4, 2010, the court issued a Statement of Decision, ruling, among other things, that all of Crea's causes of action were time-barred by the statutes of limitations. On November 4, 2010, the Court entered judgment and dismissed Crea's action in its entirety. On November 29, 2010, Crea filed a notice of appeal to the Federal Circuit Court of Appeal. On March 23, 2011, Crea filed his appeal brief with the Court of Appeal. On July 1, 2011, City of Hope filed its brief. A hearing on the appeal is expected to be conducted in the first calendar quarter of 2012.

Although Crea has not specified the exact amount that he claims he is owed, he alleges that he is entitled to share in the royalties that Genentech has paid to City of Hope over the years. That amount consists of a total of approximately \$862.5 million. Thus a claim by Crea to even a small percentage of the revenues could amount to a material claim.

**CITY OF HOPE AND AFFILIATES**

**Combining Financial Statements**

**For the Twelve Months Ended September 30, 2011**

**UNAUDITED**

CITY OF HOPE AND AFFILIATES

Combining Statements of Financial Position  
as of September 30, 2011 and 2010  
(Amounts in Millions)

	CITY OF HOPE		NATIONAL MEDICAL CENTER		MEDICAL FOUNDATION		BECKMAN RESEARCH INSTITUTE		ELIMINATIONS		COMBINED TOTALS						
	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010					
	1	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
<b>ASSETS</b>																	
<b>CURRENT ASSETS:</b>																	
Cash and cash equivalents:																	
A	\$ 11.4	\$ 13.8	\$ 27.7	\$ 31.2	\$ 31.2	\$ 2.6	\$ 7.1	\$ 3.7	\$ 6.4	\$ -	\$ 7.1	\$ -	\$ -	\$ -	\$ 45.4	\$ 52.1	
B	26.7	125.0	2.0	6.2	6.2	-	31.6	6.4	-	-	31.6	-	-	-	35.1	162.8	
Investments:																	
C	180.1	67.1	49.6	28.4	28.4	-	64.6	85.7	-	-	64.6	-	-	-	315.4	160.1	
D	-	-	3.8	3.6	3.6	-	-	-	-	-	-	-	-	-	3.8	3.6	
E	-	-	6.5	6.5	6.5	-	-	-	-	-	-	-	-	-	6.5	6.5	
F	64.2	54.3	-	-	-	-	1.1	0.2	-	-	1.1	-	-	-	64.4	55.4	
Patient accounts receivable, less allowances of \$154.9 in 2011																	
G	-	-	103.2	99.2	99.2	10.1	-	-	-	-	-	-	-	-	113.3	99.2	
H	8.9	0.1	7.5	4.2	4.2	1.8	-	0.4	0.4	3.8	-	(18.6)	(8.1)	-	-	-	
I	-	-	4.6	4.6	4.6	-	-	-	-	-	-	-	-	-	4.6	4.6	
J	-	-	2.2	1.4	1.4	-	-	-	-	-	-	-	-	-	2.2	1.4	
K	5.7	13.4	1.5	1.8	1.8	0.5	-	4.2	4.2	3.8	-	-	-	-	11.9	19.0	
L	14.1	16.6	-	-	-	-	-	-	-	-	-	-	-	-	14.1	16.6	
M	-	-	6.5	6.2	6.2	0.3	-	0.3	0.3	0.2	-	-	-	-	7.1	6.4	
N	1.1	1.2	9.5	3.8	3.8	0.4	-	0.6	0.6	0.4	-	-	-	-	11.6	5.4	
O	312.2	291.5	224.6	197.1	197.1	15.7	-	101.5	101.5	112.6	-	(18.6)	(8.1)	-	635.4	593.1	
<b>PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation</b>																	
P	9.4	7.7	335.1	314.4	314.4	8.9	-	227.5	227.5	220.8	-	-	-	-	580.9	542.9	
<b>OTHER ASSETS:</b>																	
Q	6.4	6.0	-	-	-	-	-	-	-	-	-	-	-	-	6.4	6.0	
R	31.2	41.9	34.2	35.3	35.3	-	-	379.8	379.8	390.8	-	-	-	-	445.2	468.0	
S	-	-	12.3	12.3	12.3	-	-	-	-	-	-	-	-	-	12.3	12.3	
Donor restricted assets:																	
T	115.6	112.3	-	-	-	-	-	13.7	13.7	13.7	-	-	-	-	129.3	126.0	
U	26.0	36.1	-	-	-	-	-	-	-	-	-	-	-	-	26.0	36.1	
V	12.8	13.3	-	-	-	-	-	-	-	-	-	-	-	-	12.8	13.3	
W	0.6	0.5	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.5	
X	0.4	0.5	0.6	0.4	0.4	-	-	2.4	2.4	1.8	-	-	-	-	3.4	2.7	
Y	2.0	3.0	-	-	-	-	-	-	-	-	-	-	-	-	2.0	3.0	
Z	-	-	7.5	9.2	9.2	42.7	-	0.2	0.2	0.2	-	-	-	-	50.4	9.4	
AA	195.0	213.6	54.6	57.2	57.2	42.7	-	396.1	396.1	406.5	-	-	-	-	688.4	677.3	
BB	\$ 516.6	\$ 512.8	\$ 614.3	\$ 568.7	\$ 568.7	\$ 67.3	\$ -	\$ 725.1	\$ 739.9	\$ 739.9	\$ -	\$ (18.6)	\$ (8.1)	\$ -	\$ 1,904.7	\$ 1,813.3	

**CITY OF HOPE AND AFFILIATES**

**Combining Statements of Financial Position  
as of September 30, 2011 and 2010  
(Amounts in Millions)**

	CITY OF HOPE		NATIONAL MEDICAL CENTER		MEDICAL FOUNDATION		BECKMAN RESEARCH INSTITUTE		ELIMINATIONS		COMBINED TOTALS	
	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010
	1	3	4	6	7	9	10	12	13	15	16	18
<b>LIABILITIES AND NET ASSETS</b>												
<b>CURRENT LIABILITIES:</b>												
A	\$ 1.4	\$ 1.4	\$ 19.3	\$ 0.7	\$ -	\$ -	\$ 6.6	\$ 2.9	\$ -	\$ -	\$ 37.5	\$ 23.6
B	-	-	4.2	-	-	-	-	-	-	-	4.1	4.2
C	0.2	0.7	21.0	19.5	8.7	-	3.7	8.5	-	-	33.6	28.7
D	2.9	3.5	41.7	41.7	1.2	-	10.1	11.2	-	-	56.2	56.4
E	1.2	1.4	28.3	7.7	-	-	7.9	7.3	-	-	37.4	16.4
F	2.4	5.5	1.7	0.3	9.6	-	4.9	2.3	(18.6)	(8.1)	-	-
G	-	-	-	-	-	-	-	-	-	-	-	-
H	0.1	0.1	6.9	6.7	-	-	1.7	1.6	-	-	8.7	8.4
I	-	-	-	-	-	-	-	-	-	-	-	-
J	-	-	-	-	-	-	-	-	-	-	-	-
K	0.5	0.6	4.9	4.9	-	-	-	-	-	-	5.4	5.5
L	8.7	13.2	137.7	104.3	20.2	-	34.9	33.8	(18.6)	(8.1)	182.9	143.2
M												
N	0.1	0.2	189.4	196.1	-	-	57.4	59.1	-	-	246.9	255.4
O	18.5	19.2	10.6	8.3	-	-	11.5	10.1	-	-	40.6	37.6
P	27.3	32.6	337.7	308.7	20.2	-	103.8	103.0	(18.6)	(8.1)	470.4	436.2
<b>COMMITMENTS AND CONTINGENCIES</b>												
<b>NET ASSETS:</b>												
Q	274.5	266.3	276.6	260.0	47.1	-	607.4	622.1	-	-	1,205.6	1,148.4
R	214.8	213.9	-	-	-	-	13.9	14.8	-	-	228.7	228.7
S	489.3	480.2	276.6	260.0	47.1	-	621.3	636.9	-	-	1,434.3	1,377.1
T	\$ 516.6	\$ 512.8	\$ 614.3	\$ 568.7	\$ 67.3	\$ -	\$ 725.1	\$ 739.9	\$ (18.6)	\$ (8.1)	\$ 1,904.7	\$ 1,813.3

**CITY OF HOPE AND AFFILIATES**  
**Combining Statements of Activities**  
**For the Quarter Ended September 30, 2011 and 2010**  
**(Amounts in Millions)**

	CITY OF HOPE				NATIONAL MEDICAL CENTER				MEDICAL FOUNDATION				BECKMAN RESEARCH INSTITUTE				SUPPORT SERVICES				ELIMINATIONS				COMBINED TOTALS					
	Budget		Last Year		Budget		Last Year		Budget		Last Year		Budget		Last Year		Budget		Last Year		Budget		Last Year		Budget		Last Year			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28		
<b>OPERATING REVENUES:</b>																														
Patient service revenues:																														
A Inpatient	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
B Outpatient																														
Deductions from patient service revenues:																														
C Medicare contractuals																														
D Medi-Cal contractuals																														
E Managed care and insurance																														
F Charity care and Medi-Cal dentals																														
Net patient service revenues																														
Other operating revenues:																														
H Extramural grant income																														
I Other grant income																														
J Contributions - unrestricted																														
K Contributions - restricted																														
L Royalties - Genentech																														
M Royalties - other																														
N TARP services																														
O Other																														
Net operating revenues																														
<b>OPERATING EXPENSES:</b>																														
Q Salaries, wages and benefits																														
R Purchased services																														
S Professional fees																														
T Research/teaching and admin																														
U Supplies - pharmaceuticals																														
V Supplies - other																														
W Extramural grant expense																														
X Other research expense																														
Y Interest																														
Z Depreciation and amortization																														
AA Utilities																														
BB Royalty sharing expense																														
CC Bad debt expense																														
DD Other																														
EE Due to/from Business Support Services																														
FF Total operating expenses																														
GG Income from operations																														
HH Interest income																														
II Gain (loss) on sale of investments																														
JJ Gain (Loss) on interest rate swap agreement																														
KK Equity investment gain (loss) unrealized																														
LL Fixed investment gain (loss) unrealized																														
MM City of Hope general distribution																														
NN City of Hope grant research distrib																														
OO City of Hope construction distrib																														
PP City of Hope royalties distributed																														
QQ Change in net assets																														
RR Net Asset Transfer																														
SS NET ASSETS, at beginning of period																														
TT NET ASSETS, at end of period																														

**CITY OF HOPE AND AFFILIATES**  
**Combining Statements of Activities**  
**For the Twelve Months Ended September 30, 2011**  
**(Amounts in Millions)**

	CITY OF HOPE				NATIONAL MEDICAL CENTER				MEDICAL FOUNDATION				BECKMAN RESEARCH INSTITUTE				BUSINESS SUPPORT				ELIMINATIONS				COMBINED TOTALS					
	Budget		Last Year		Budget		Last Year		Budget		Last Year		Budget		Last Year		Budget		Last Year		Budget		Last Year		Budget		Last Year			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28		
<b>OPERATING REVENUES:</b>																														
Patient service revenues:																														
Inpatient	\$ -	\$ -	\$ 918.7	\$ 938.1	\$ 850.0	\$ 850.0	\$ 25.1	\$ 15.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Outpatient	-	-	827.6	780.6	743.8	743.8	39.2	28.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	-	-	1,746.3	1,698.9	1,633.6	1,633.6	61.3	44.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Deductions from patient service revenues:																														
Medicare contractals	-	-	430.4	362.0	361.2	361.2	13.9	13.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Medi-Cal contractals	-	-	286.0	266.5	248.4	248.4	7.6	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Managed care and insurance	-	-	470.4	532.6	475.8	475.8	16.3	15.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Charity care and Medi-Cal dentals	-	-	24.1	38.8	26.9	26.9	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provider fee receipts	-	-	(46.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net patient service revenues	1.1	0.4	0.5	9.5	8.9	10.2	0.4	11.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating revenues:																														
Extramural grant income	-	-	0.9	0.4	0.6	0.6	-	-	-	71.0	60.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other grant income	-	-	5.3	3.2	4.3	4.3	-	-	-	0.8	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributions - unrestricted	45.3	61.6	53.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributions - restricted	33.8	55.4	50.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Royalties - Genentech	197.5	207.0	200.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Royalties - other	-	-	0.3	0.1	0.8	0.7	-	-	-	2.9	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TARP services	-	-	-	-	-	-	-	-	-	2.6	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1.1	0.4	0.5	9.5	8.9	10.2	0.4	11.4	-	71.1	62.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net operating revenues	277.7	324.4	304.5	595.6	524.3	537.1	35.2	25.6	-	77.1	67.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>OPERATING EXPENSES:</b>																														
Salaries, wages and benefits	18.8	20.0	18.1	216.4	217.0	204.5	3.4	3.6	-	56.0	61.5	45.8	44.0	41.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchased services	5.8	6.6	4.7	44.9	43.9	42.4	0.6	0.6	-	5.2	4.7	23.7	15.6	13.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Professional fees	0.5	0.4	0.8	16.4	12.7	16.0	28.3	30.0	-	5.5	6.2	2.1	2.0	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Researching and admin	-	-	-	36.9	33.5	33.4	-	-	-	2.8	3.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Supplies - pharmaceuticals	1.3	1.0	1.1	42.0	46.5	44.0	0.1	-	-	5.4	5.5	4.7	2.6	2.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Supplies - other	-	-	-	0.6	0.3	0.5	-	-	-	43.2	39.2	37.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Extramural grant expense	-	-	-	6.7	3.5	5.3	-	-	-	14.7	8.6	14.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other research expense	-	-	-	9.9	10.0	10.2	-	-	-	3.1	2.9	2.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest	0.9	1.1	0.3	34.2	38.0	34.1	1.3	0.6	-	12.7	12.5	9.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation and amortization	-	-	-	7.2	6.5	7.0	0.1	-	-	61.8	64.8	62.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilities	-	-	-	0.1	0.4	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Royalty sharing expense	-	-	-	12.0	-	-	-	-	-	-	3.1	4.9	9.9	10.3	8.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bad Debt Expense	-	-	-	4.9	5.2	4.6	17.0	1.5	-	5.2	3.1	4.9	10.3	8.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provider fee payments	-	-	-	-	-	-	-	-	-	18.5	16.2	15.4	(74.2)	(68.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	4.2	3.7	3.3	61.4	57.7	48.6	0.6	0.5	-	18.5	16.2	15.4	(74.2)	(68.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Due to/from Business Support Services	35.4	38.1	32.8	586.0	574.5	542.0	37.2	38.0	-	240.0	233.4	218.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total operating expenses	241.3	286.3	271.7	(0.4)	(50.2)	(4.9)	(2.0)	(12.4)	-	(162.9)	(166.4)	(156.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Income from operations	6.4	18.5	5.3	2.3	4.4	2.1	-	-	-	9.4	24.1	9.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest income	4.6	-	3.5	2.3	-	0.8	-	-	-	10.7	-	14.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain (Loss) on sale of investments	(19.0)	-	0.2	-	-	(0.4)	-	-	-	(0.8)	-	(2.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain (Loss) on interest rate swap agreement	-	-	-	-	-	-	-	-	-	(25.3)	-	8.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity investment gain (loss) unrealized	(1.7)	-	2.3	(0.4)	-	1.8	-	-	-	(3.6)	-	2.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fixed investment gain (loss) unrealized	(12.3)	(83.0)	(6.1)	7.3	67.2	4.9	-	-	-	16.8	9.2	3.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
City of Hope general distribution	(17.8)	(10.0)	(11.9)	(25.4)	4.2	0.8	-	-	-	13.8	9.2	12.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
City of Hope grant research distrib	(11.9)	-	-	-	-	-	-	-	-	6.7	-	23.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
City of Hope construction distrib	(131.6)	(138.0)	(133.8)	-	-	-	-	-	-	131.8	138.0	133.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
City of Hope royalties distributed	58.2	73.8	103.3	16.6	22.2	12.3	(2.0)	(12.4)	-	(15.6)	20.7	49.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Change in net assets	(48.1)	(49.1)	2.1	-	-	49.1	-	-	-	(2.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net asset Transfer	480.2	480.2	374.8	260.0	260.0	247.7	-	-	-	536.9	589.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
NET ASSETS, at beginning of period	\$ 489.3	\$ 504.9	\$ 480.2	\$ 276.6	\$ 282.2	\$ 280.0	\$ 47.1	\$ 36.7	\$ -	\$ 621.3	\$ 657.5	\$ 636.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
NET ASSETS, at end of period	\$ 489.3	\$ 504.9	\$ 480.2	\$ 276.6	\$ 282.2	\$ 280.0	\$ 47.1	\$ 36.7	\$ -	\$ 621.3	\$ 657.5	\$ 636.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**CITY OF HOPE AND AFFILIATES**  
**Combining Statements of Cash Flows**  
**For the Twelve Months Ended September 30, 2011**  
**(Amounts in Millions)**

	CITY OF HOPE		NATIONAL MEDICAL CENTER		MEDICAL FOUNDATION		BECKMAN RESEARCH INSTITUTE		COMBINED TOTALS	
	1	2	3	4	5	6	7	8	9	10
	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>										
A Change in net assets	\$ 56.2	\$ 103.3	\$ 16.6	\$ 12.3	\$ (2.0)	\$ -	\$ (15.6)	\$ 49.9	\$ 57.2	\$ 165.5
B Depreciation and amortization	0.9	0.3	34.2	34.1	1.3	-	12.7	9.3	49.1	43.7
C Loss (gain) on sale of contributed real property	(0.5)	(0.1)	-	-	-	-	-	-	(0.5)	(0.1)
D Loss on disposal of fixed assets	-	-	0.1	0.1	-	-	-	-	0.1	0.1
E Loss on interest rate swap agreement	-	-	(0.2)	0.4	-	-	0.8	2.8	0.6	3.2
F Net unrealized (gain) loss on investments	20.7	(7.5)	4.5	(2.6)	-	-	28.9	(11.7)	54.1	(21.8)
Changes in assets and liabilities:										
Decrease (increase) in:										
G Patient accounts receivable	-	-	(4.0)	5.9	(10.1)	-	-	-	(14.4)	5.9
H Grants and other receivables	7.7	(4.0)	0.3	4.7	(0.5)	-	(0.4)	(0.8)	7.1	(0.1)
I Unconditional promises to give	12.6	(9.0)	-	-	-	-	-	-	12.6	(9.0)
J Other assets	(18.6)	(0.4)	(8.5)	(7.9)	(6.3)	-	3.1	(3.7)	(30.3)	(12.0)
Increase (decrease) in:										
K Accounts payable and other accrued liabilities	(0.5)	0.7	10.9	1.2	9.4	-	(1.1)	(4.7)	18.7	(2.8)
L Annuity and split interest obligations	(0.7)	(0.6)	-	-	-	-	-	-	(0.7)	(0.6)
M Other liabilities	(3.9)	3.8	24.7	14.2	10.8	-	2.8	4.8	34.4	22.8
N Total adjustments	17.7	(16.8)	62.0	50.1	4.6	-	46.8	(4.0)	131.1	29.3
O Net cash (used in) provided by operating activities	75.9	85.5	78.5	62.4	2.6	-	31.2	45.9	188.3	194.8
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>										
P Purchases of property, plant & equipment	(2.6)	(5.7)	(54.9)	(25.9)	-	-	(19.5)	(30.8)	(77.0)	(62.4)
Q Purchases - bond funded	-	-	-	(1.3)	-	-	-	(15.5)	-	(16.8)
R Net asset transfer	(49.1)	2.1	-	-	49.1	-	-	(2.1)	(49.1)	-
S Assets purchased	-	-	-	-	(49.1)	-	-	-	-	-
T Proceeds from sale of contributed real property	1.8	2.3	-	-	-	-	-	-	1.8	2.3
U Decrease (increase) in contributions receivable from split-interest agreements	-	-	-	0.5	-	-	-	-	-	0.5
V Decrease (increase) in investments	0.5	2.1	-	-	-	-	-	-	0.5	2.1
W Decrease (increase) in bond trust funds/GE funds	(126.7)	(21.7)	(24.7)	(4.6)	-	-	(38.1)	(25.7)	(189.5)	(52.0)
X Decrease (increase) in contributed real property	(0.5)	(2.4)	-	1.3	-	-	-	15.5	-	16.8
Y Decrease (increase) in contributed real property	0.1	0.1	(0.2)	0.1	-	-	-	(0.2)	(0.5)	(2.4)
AA Decrease (increase) in notes receivable	-	-	-	-	-	-	(0.6)	-	(0.7)	-
BB Decrease (increase) in other assets	-	-	-	-	-	-	-	-	-	-
CC Net cash (used in) provided by investing activities	(176.5)	(23.2)	(79.8)	(29.9)	-	-	(58.2)	(58.8)	(314.5)	(111.9)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>										
DD Repayments on line of credit	-	-	(0.1)	(0.1)	-	-	-	-	(0.1)	(0.1)
EE Proceeds from line of credit	-	-	0.1	0.1	-	-	-	-	0.1	0.1
FF Principal payments on long term debt	-	-	(6.5)	(6.5)	-	-	(1.6)	(0.7)	(8.1)	(7.3)
GG Principal payments on mortgage debt	(0.1)	(0.1)	-	-	-	-	-	-	(0.1)	(0.1)
HH Net cash (used in) provided by financing activities	(0.1)	(0.1)	(6.5)	(6.5)	-	-	(1.6)	(0.7)	(8.2)	(7.4)
II NET INCREASE (DECREASE) IN CASH	(100.7)	63.2	(7.7)	25.9	2.6	-	(28.6)	(13.6)	(134.4)	75.5
JJ CASH AND INVESTMENTS, beginning	138.8	75.6	37.4	11.5	-	-	38.7	52.3	214.9	139.4
KK CASH AND INVESTMENTS, ending	\$ 38.1	\$ 138.8	\$ 29.7	\$ 37.4	\$ 2.6	\$ -	\$ 10.1	\$ 38.7	\$ 80.5	\$ 214.9

**City of Hope National Medical Center  
FY 2011 Selected Statistics with Comparisons to Budget and Last Year**

	October	November	December	January	February	March	April	May	June	July	August	September	YTD
<u>Admits:</u>													
Current Year Actual	486	509	451	515	487	511	504	504	527	475	565	486	6,020
Current Year Budget	509	522	467	529	474	543	531	555	536	508	487	515	6,176
Last Year Actual	515	517	498	510	522	533	540	513	536	517	543	519	6,263
<u>Referrals:</u>													
Current Year Actual	646	597	605	706	602	640	591	599	707	543	688	621	7,545
Current Year Budget	728	613	615	760	666	787	759	679	661	658	675	680	8,281
Last Year Actual	714	601	603	745	653	772	744	666	648	645	662	667	8,120
<u>Inpatient Days:</u>													
Current Year Actual	4,464	4,416	4,100	4,570	4,431	4,455	4,491	5,111	4,890	4,839	4,515	4,305	54,587
Current Year Budget	4,589	4,705	4,211	4,771	4,275	4,896	4,790	5,002	4,831	4,579	4,387	4,640	55,676
Last Year Actual	4,655	4,772	4,270	4,840	4,335	4,966	4,858	5,074	4,899	4,646	4,449	4,635	56,399
<u>Outpatient Visits:</u>													
Current Year Actual	9,819	10,029	9,338	10,569	9,320	10,631	9,649	10,313	10,577	9,730	10,784	9,967	120,726
Current Year Budget	9,919	9,925	9,926	9,924	9,923	9,929	9,919	9,928	9,925	9,922	9,925	9,932	119,097
Last Year Actual	9,611	9,779	9,551	9,664	9,487	10,723	10,073	10,037	10,385	9,667	10,193	10,302	119,472
<u>Surgery Cases:</u>													
Current Year Actual	577	547	526	549	554	605	580	560	617	545	611	576	6,847
Current Year Budget	579	593	534	601	542	616	603	629	608	578	555	586	7,024
Last Year Actual	560	572	557	538	589	696	603	566	618	616	579	592	7,086
<u>Days in A/R:**</u>													
Current Year Actual	71	72	76	77	79	74	74	76	69	71	67	70	
Current Year Actual	52	47	46	52	51	55	55	53	54	57	58	63	

\*\* Based on net revenue to net patient accounts receivable.

Fiscal Year 2011- City of Hope National Medical Center - Appendix A Update

Summary of Medical Center Revenue and Expenses  
(\$ in millions)

	Fiscal Year Ended September 30,				
	2007	2008	2009	2010	2011
Revenue:					
Net patient service revenue	\$ 372.5	\$ 423.5	\$ 471.3	\$ 521.3	\$ 579.8
Research grants and other	18.6	18.9	18.7	18.7	20.4
Royalty judgment	-	239.5	62.5	-	-
Net operating revenue	<u>391.1</u>	<u>681.9</u>	<u>552.5</u>	<u>540.0</u>	<u>600.2</u>
Operating Expenses:					
Salaries, wages and benefits	174.4	192.1	221.9	237.0	252.5
Supplies and services	147.6	164.4	179.6	197.8	212.1
Professional fees	31.3	33.7	39.2	43.7	53.7
Depreciation	26.8	27.4	29.4	34.1	34.2
Interest	10.5	10.2	9.4	10.2	9.9
Other	12.8	14.0	17.9	19.2	33.6
Total Operating Expenses	<u>403.4</u>	<u>441.8</u>	<u>497.4</u>	<u>542.0</u>	<u>596.0</u>
Loss from operations	(12.3)	240.1	55.1	(2.0)	4.2
Loss on interest rate swap agreement	(0.1)	(0.6)	(0.8)	(0.4)	0.2
Unrealized gains (losses) from investments	1.7	(4.9)	6.5	2.6	(4.5)
Beckman Research distribution	-	(239.5)	(62.5)	-	-
Development Group distribution	26.1	13.8	30.9	12.1	16.7
Change in net assets	<u>\$ 15.4</u>	<u>\$ 8.9</u>	<u>\$ 29.2</u>	<u>\$ 12.3</u>	<u>\$ 16.6</u>

Fiscal Year 2011 - City of Hope National Medical Center - Appendix A Update

Net Patient Service Revenue

	Percent of Net Patient Service Revenue For the Fiscal Years Ended September 30,				
	2007	2008	2009	2010	2011**
Medicare	17.8 %	16.2 %	15.2 %	18.8 %	20.5 %
Medi-Cal	10.9	9.9	9.2	8.0	8.7
Commercial Insurance	0.5	1.0	1.9	1.3	1.7
HMOs and PPOs	70.8	72.9	73.7	71.9	69.1
	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

\*\* Excluding Hospital Provider Fee Revenues.

**Fiscal Year 2011 - City of Hope National Medical Center - Appendix A Update**

Development Group philanthropic support in the most recent ten fiscal years.

<u>Fiscal Year Ended September 30,</u>	<u>Amount (\$ in millions)</u>
2011	\$ 82.4
2010	\$ 106.4
2009	\$ 107.4
2008	\$ 100.8
2007	\$ 118.8
2006	\$ 124.9
2005	\$ 85.6
2004	\$ 80.6 A
2003	\$ 77.8
2002	\$ 78.7

A - This amount has been changed to reflect certain financial statement reclasses made in FY 2005.

Fiscal Year 2011 - City of Hope National Medical Center - Appendix A Update

Summary of Development Group Revenue and Expenses  
(\$ in millions)

	Fiscal Year Ended September 30,				
	2007	2008	2009	2010	2011
Operating revenue:					
Contributions and special event revenue	\$ 118.8	\$ 100.8	\$ 107.4	\$ 106.4	\$ 82.4
Royalties and other	130.7	176.6	181.9	210.4	209.7
Net operating revenue	<u>249.5</u>	<u>277.4</u>	<u>289.3</u>	<u>316.8</u>	<u>292.1</u>
Operating expenses:					
Fundraising	21.4	22.4	20.3	21.8	20.2
Administration	9.8	9.3	10.5	11.7	16.4
Public information and education	1.9	2.0	2.7	2.8	3.0
Total operating expenses	<u>33.1</u>	<u>33.7</u>	<u>33.5</u>	<u>36.3</u>	<u>39.6</u>
Income from operations	216.4	243.7	255.8	280.5	252.5
Unrealized gains (losses) from investments	8.0	(25.1)	21.5	7.5	(20.7)
Medical Center distribution	(26.1)	(13.8)	(30.9)	(12.1)	(16.7)
Beckman Research Institute distribution	<u>(130.6)</u>	<u>(196.0)</u>	<u>(187.3)</u>	<u>(172.6)</u>	<u>(156.9)</u>
Change in net assets	<u>\$ 67.7</u>	<u>\$ 8.8</u>	<u>\$ 59.1</u>	<u>\$ 103.3</u>	<u>\$ 58.2</u>

**Fiscal Year 2011 - City of Hope National Medical Center - Appendix A Update**

The following table sets forth, for the fiscal years ended September 30, 2007, 2008, 2009, 2010 and 2011, respectively, the ratios of income available (after certain adjustments) to cover maximum annual debt service requirements on long-term debt of the Medical Center .

	Medical Center and Development Group Combined Fiscal Year Ended September 30,				
	2007	2008	2009	2010	2011
Change in net assets	\$ 83.1	\$ 17.7	\$ 88.3	\$ 115.6	\$ 74.8
Less:					
Permanently restricted contributions	(3.5)	(7.5)	(27.5)	(26.4)	(11.4)
Net unrealized gain on investments	(9.7)	-	(28.0)	(10.1)	-
Net unrealized gain on hedge funds	(1.8)	-	(3.3)	(0.4)	-
Gain on interest rate swap agreement					(0.2)
Plus:					
Depreciation and amortization	27.0	27.6	29.6	34.4	35.1
Interest expense	10.6	10.3	9.5	10.2	9.9
Net unrealized loss on investments	-	30.0	-	-	25.2
Net unrealized loss on hedge funds	-	1.0	-	-	2.2
Loss on interest rate swap agreement	0.1	0.6	0.8	0.4	-
Equals: Net income available for debt service	<u>\$ 105.8</u>	<u>\$ 79.7</u>	<u>\$ 69.4</u>	<u>\$ 123.7</u>	<u>\$ 135.6</u>
Divided by: Maximum annual debt service	\$ 20.9	\$ 20.9	\$ 17.5	\$ 17.5	\$ 17.3
Equals: Annual debt service coverage ratio	<u>5.1</u>	<u>3.8</u>	<u>4.0</u>	<u>7.1</u>	<u>7.8</u>

Fiscal Year 2011 - City of Hope National Medical Center - Appendix A Update

Genentech Royalties  
(\$ in millions)

Patent or Drug	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Growth Hormone	\$ 0.2	\$ 0.2	\$ 0.1	\$ -	\$ -
Rituxan	28.9	36.3	40.1	42.2	44.8
Herceptin	15.0	23.4	23.0	22.2	24.1
ReoPro	0.3	0.4	0.4	0.3	0.3
Remicade	8.5	12.9	11.9	-	-
Simulect	0.1	0.1	0.1	0.1	0.2
Synagis	2.7	2.7	1.1	0.5	0.4
Humira	15.9	29.2	39.3	47.1	31.8
Avastin	23.1	31.3	40.6	43.1	37.0
Erbitux	4.4	6.5	6.4	7.8	6.1
Miscellaneous - all other Genentech	<u>16.8</u>	<u>24.2</u>	<u>30.1</u>	<u>37.4</u>	<u>52.8</u>
Total Genentech Royalties	<u>\$ 115.9</u>	<u>\$ 167.2</u>	<u>\$ 193.1</u>	<u>\$ 200.7</u>	<u>\$ 197.5</u>

Fiscal Year 2011 - City of Hope National Medical Center - Appendix A Update

Medical Center Utilization Statistics (based on discharges)

	Fiscal Year Ended September 30,				
	2007	2008	2009	2010	2011
<u>Cases</u>					
Bone marrow transplant	514	532	564	560	486
Pediatric	432	542	405	276	227
Newly diagnosed cancer	2,035	2,023	2,252	2,263	2,159
Follow-up cancer care	2,710	2,956	2,966	2,947	2,952
Other	135	186	199	223	190
Total	5,826	6,239	6,386	6,269	6,014
<u>Average Length of Stay</u>					
Bone marrow transplant	31.0	33.1	33.9	34.2	34.4
Pediatric	9.5	6.0	6.9	7.7	9.5
Newly diagnosed cancer	6.3	6.1	6.0	5.8	6.2
Follow-up cancer care	6.9	6.9	7.1	7.2	7.3
Other	4.4	4.1	9.0	4.1	4.6
Total	9.0	8.7	9.0	9.0	9.1
<u>Patient Days</u>					
Bone marrow transplant	15,948	17,585	19,104	19,178	16,736
Pediatric	4,112	3,248	2,785	2,132	2,161
Newly diagnosed cancer	12,856	12,288	13,512	13,128	13,422
Follow-up cancer care	18,651	20,457	20,934	21,330	21,589
Other	598	767	908	918	868
Total	52,165	54,345	57,243	56,686	54,776
Average Daily Census	142.9	148.9	156.8	155.3	149.6
Total Outpatient Visits (including Infusions)	121,417	128,830	136,561	147,952	150,023