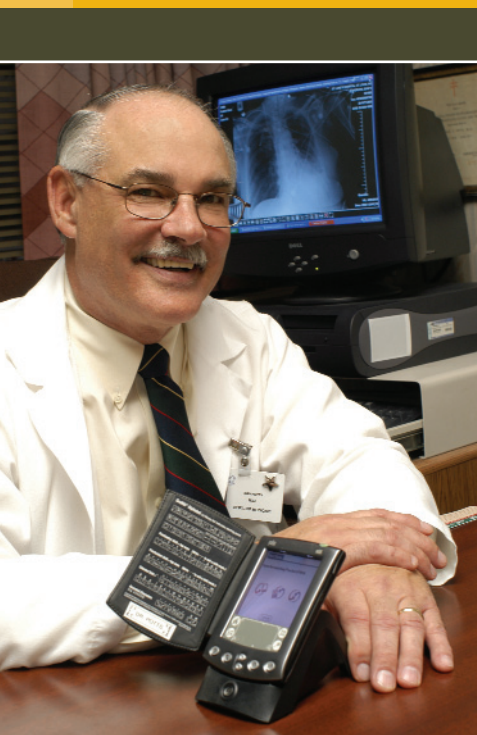


"St. Luke's Hospital makes major efforts to support high quality care and offers superb nursing care. The working rapport among physicians and nurses is exceptional. These elements permit me to provide excellent care for my patients."

-J. William Campbell, MD, board certified infectious disease specialist

FOCUSED ON PHYSICIANS



Dan Potts, MD, demonstrates WebPINS technology.



St. Luke's Hospital Campus

St. Luke's Hospital supports physicians' changing technological needs and recruits new physicians so we may continue to offer an expansive array of services and specialties.

Beginning January 1, electronic medical records became available to caregivers at St. Luke's Hospital through the implementation of the McKesson Horizon Patient Folder system and a seamless interface to our Web-Enabled Patient Information Network System, or WebPINS. This system allows physicians to easily view and complete medical records and eliminates long-term storage of paper charts. Physicians also may view patient information such as admission data, laboratory results and radiology images from within the hospital or a remote location via the Internet, anytime, anywhere. This increased efficiency ultimately enhances the level of patient care they may provide.

Patient safety continues to be a primary focus. Bar coding technology will be implemented in fall 2004. This bedside medication system

enhances the safe administration of medication by identifying potential errors before they occur and by providing the healthcare team real time medication tracking at the patient's bedside.

St. Luke's Internal Medicine Residency program has thrived for over 50 years and continues to provide a rich experience in medicine. Residents now number 36, plus two chief medical residents. This past year, residents achieved a pass rate of 100 percent on the Internal Medicine Board Exam.

Further education of physicians is facilitated through St. Luke's Continuing Medical Education (CME) department, which is accredited to provide continuing medical education for medical staff through a variety of conferences and programs. Over the past year, St. Luke's CME department sponsored 188 programs, totaling 221 hours of continuing medical education credit for more than 4,100 physicians and 925 non-physicians.

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ST. LUKE'S AMONG TOP 100

St. Luke's is one of only 77 hospitals in the nation to have been selected as a Top 100 Hospital for Overall Performance at least four times within 10 years, thus making St. Luke's a Top Benchmark Hospital. St. Luke's is the *only* hospital in St. Louis to achieve this recognition.

St. Luke's Hospital was named among the Top 100 Hospitals in the nation for Overall Performance according to a study released by Solucient, the leading source of health care intelligence and benchmark information. The annual study, published in *Modern Healthcare* magazine, recognizes hospitals and their management teams.

Modern Healthcare also announced St. Luke's Hospital as the only hospital in the St. Louis area to meet the criteria necessary to be designated as a Top 100 Hospital for Cardiovascular services. This is the fourth time in five years St. Luke's has received this award.



St. Luke's receives Best Places to Work Award

2004 ANNUAL REPORT



LOOKINGBACK
MOVINGFORWARD



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WELCOME TO ST. LUKE'S 2004 ANNUAL REPORT.

As we reflect on our 138th year of service we are pleased to highlight the accomplishments that move St. Luke's toward future growth. Our success is attributed to the physicians, employees and volunteers who demonstrate a commitment to excellence that is based on a culture of customer service. One example of our commitment was revealed when employee groups created the FACES program. FACES reinforces initiatives to ensure St. Luke's is the place to find employees who are Friendly, Available, Caring, Efficient and Safe.

Our dedication to service proved crucial in a year that presented many challenges to the healthcare industry. St. Luke's is grateful to its employees' efforts to function efficiently while continually providing the highest quality care.

St. Luke's continues to attract highly qualified and competent employees, thereby insuring excellent staffing with significantly lower staff vacancy rates than local, regional and national averages. In addition, St. Luke's outstanding staff includes more than 200 employees with 25 or more years of service.

As we plan for the future, physician recruiting continues to be at the forefront of priorities. Our medical expertise is something we wish to enhance further with additions to our medical staff to meet our community's growing demands for St. Luke's services.

Our ongoing commitment to excellence was recognized this year when St. Luke's was again chosen as a Top 100 Hospital in the nation for both Overall Performance and Cardiovascular Services. We have been acknowledged as a "Benchmark" hospital in the United States for having consistently received this recognition in the overall performance category. St. Luke's also ranked first in employee incentives in the *St. Louis Business Journal's* "Best Places to Work" issue this year.

Thank you for your support of St. Luke's Hospital as we continue to achieve our mission of improving the health of the communities we serve.



Keith Lovin, PhD
President, Maryville University
Chair, Board of Directors



Gary Olson
President and Chief Executive Officer
St. Luke's Hospital



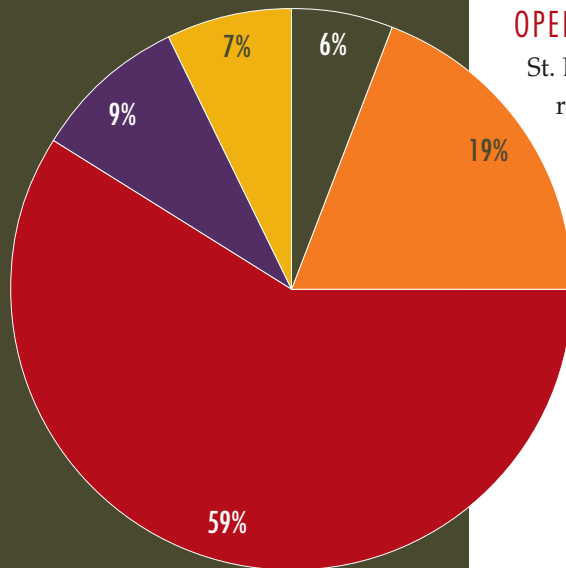
"Excellent patient care is our priority, but we also take care of each other and our community. I am proud to be a St. Luke's nurse and wish to say thank you for 25+ years of wonderful experiences and opportunities."

- Angie Kalhorn, RN, Emergency Services

POSITIONED FOR GROWTH

OPERATING RESULTS

St. Luke's gain from operations for the fiscal year ending June 30, 2004 was \$9,242,000, representing an operating margin of 3.4 percent. Based on the hospital activity shown below, total operating revenue grew to \$274 million, a four percent increase over the prior fiscal year. Strong financial results and continued growth for St. Luke's led to Standard and Poor's affirming its rating on St. Luke's outstanding debt as "A" (outlook stable) and Fitch Ratings, Inc. upgrading its rating to "A" (stable). The components of operating expenses are shown in the accompanying chart.



- Depreciation
- Supplies
- Salaries and Benefits
- Purchased Services
- Other (including: repairs, insurance, bad debt expenses, utilities, interest and software licenses)

UTILIZATION SUMMARY

	FY03	FY04
Admissions	18,563	18,716
Average Length of Stay (days)	4.6	4.6
Average Daily Census	233	234
Outpatient Registrations	155,536	158,191
Surgeries	21,222	21,238
Births	2,636	2,537
Surrey Place		
Average Residents per Day	129	128

St. Luke's employs more than 3,000 people, has nearly 1,000 medical staff members and a volunteer corps of nearly 500.

COMMUNITY SUPPORT

While St. Luke's has again shown a strong financial performance, gifts from grateful patients, family, staff and friends are a vital source of support. Donors help to sustain and improve the ongoing programs and services that distinguish St. Luke's as a premier, regional healthcare provider. This year, St. Luke's Auxiliary presented a check to St. Luke's Hospital for \$176,000.

Some of the monies went toward purchasing a decontamination unit for emergency preparedness and an HP SONOS 5500, a high-performance ultrasound system used for echocardiogram testing in cardiology.



HP Sonos 5500



Auxiliary Check Donation Ceremony

"Patient and family needs are truly met. St. Luke's listens. St. Luke's responds. St. Luke's cares. We work hard to meet community needs."

- Diane Slaughter, RN, Surrey Place

ADVANCED SKILLS, TECHNOLOGY AND DEDICATION



Outpatient Infusion Services



Community Outreach



WingHaven® Medical Building

ST. LUKE'S CENTER FOR CANCER CARE

At St. Luke's Center for Cancer Care there is one mission: treating cancer patients with dignity, respect and compassion. This year we diagnosed and/or treated more than 1,200 oncology patients. St. Luke's commitment to clinical trials and research continues with ongoing participation in the STAR trial and the launch of the Sister Study. Other clinical trials funded by the National Institute of Health focus on leukemia and cancers of the breast, lung, gastrointestinal system, prostate and ovaries.

The Commission on Cancer of the American Colleges of Surgeons granted approval to St. Luke's Hospital for another three year period. The notification followed a rigorous evaluation process and review of program performance.

Hospital sponsorship and employee participation in the Relay for Life, the Komen Race for the Cure and the Life and Hope Fund Walk were a few community events that received support last year.

CARDIAC SERVICES

As our growth continued, St. Luke's Cardiac Services expanded services to the WingHaven® Medical Building in O'Fallon, Mo. St. Luke's also utilized new procedures such as transmyocardial revascularization (TMR), which offers an alternative to patients who suffer from chronic angina and whose coronary arteries are too diseased for traditional bypass surgery.

In addition, St. Luke's Hospital's echocardiogram laboratory received accreditation through the Intersocietal Commission for the Accreditation of Echocardiography Laboratories (ICAEL). Accreditation status signifies that the facility has been reviewed by an independent agency that recognizes the laboratory's commitment to quality

testing for the diagnosis of heart disease. St. Luke's lab is the only one in the region with every sonographer registered through the American Registry of Diagnostic Medical Sonographers.

St. Luke's provides free educational programming and screening. St. Luke's also sponsors and supports employee participation in numerous community events such as the American Heart Association's Survivor Camp for Women and the annual Heart Walk.

COMMUNITY OUTREACH

St. Luke's makes a priority of giving back to the communities we serve. Nearly 20,000 people attended a free program, event or screening offered by St. Luke's Hospital during the last fiscal year. Of those, nearly 1,500 were women who attended programs affiliated with the *Healthy Woman Series* and St. Luke's annual women's event, *Conversations for Women*. One new program is the Sunday Speakers' Series, which highlights medical, educational and cultural topics the fourth Sunday of each month.

Further, St. Luke's Physician Referral excels at personalized service from registered nurses who provide assistance in finding a physician. Over the past year, St. Luke's Physician Referral assisted nearly 17,000 callers, confidentially discussing physicians and services. Of those callers, more than 14,000 were referred to physicians. In cases of immediate need, more than 430 same-day appointments were scheduled.

St. Luke's is a leader in providing health information to the community. **St. Luke's website received national recognition with Silver (second place) honors for Patient Education Information for a Hospital/ Healthcare system website. Visit www.stlukes-stl.com for more information.**