

## Message from the Chairman and the President

While the economic crisis that has affected our nation has also had effects on Memorial Sloan-Kettering Cancer Center, 2008 was nevertheless a year in which we continued to excel in all three of our missions—clinical care, research, and training. Although obliged to anticipate additional effects of the economic downturn in 2009 and beyond, years of strategic planning along with disciplined financial and operational management have put us in good stead for the future.

Before going into detail about how MSKCC is faring now—and how we will address the challenges sure to confront us in the coming years—we want to share some highlights from our continuing record of accomplishment:

- We received high scores and a healthy budgetary increase during the competitive renewal of our Comprehensive Cancer Center grant from the National Cancer Institute.
- The Joint Commission renewed our hospital accreditation with a remarkably small number of recommendations, a tribute to the quality of our clinical staff and its operations.
- Enrollment continued to grow in our graduate training programs, including the new Gerstner Sloan-Kettering Graduate School of Biomedical Sciences—which has now been officially accredited by New York State.
- At a time of limited support from the National Institutes of Health, our philanthropically based research efforts—the Geoffrey Beene Cancer Research Center, the Starr Cancer Consortium, the Experimental Therapeutics Center, the Brain Tumor Center, and others—have flourished.
- Our laboratory and clinical investigators put in especially strong performances and received several notable honors.
- And we successfully recruited outstanding new people to our administrative, clinical, and laboratory staffs.

## Programs and Initiatives

Ensuring exceptional care for our patients is a primary goal at Memorial Sloan-Kettering. The staff of Memorial Hospital maintained their extraordinary commitment to service, teamwork, and overall excellence throughout 2008.

Our research enterprise remained strong throughout 2008, and we continued to produce new knowledge about the causes of cancer, to strengthen ties between basic science and clinical applications, and to recruit outstanding research faculty members.

In May, the Geoffrey Beene Cancer Research Center sponsored a two-day retreat that brought together members of MSKCC's Cancer Biology and Genetics Program and its Human Oncology and Pathogenesis Program. Panels featured a variety of topics including cancer metastasis, signaling pathways, and novel targets for cancer therapeutics. In addition, poster sessions allowed graduate students and postdoctoral fellows the opportunity to present and discuss their latest research projects.

In September, 40 Memorial Sloan-Kettering researchers gathered with scientists from four other institutions for a two-day retreat to present and discuss projects funded by the Starr Cancer Consortium. The Consortium, funded by a \$100 million gift from the Starr Foundation, is a collaboration among MSKCC, the Broad Institute of MIT and Harvard, Cold Spring Harbor Laboratory, The Rockefeller University, and Weill Cornell Medical College. It provides a framework for joint projects that harness the complementary strengths of the five institutions to improve the understanding, diagnosis, and treatment of cancer.

The creation in 2008 of the Cell Therapy and Cell Engineering Facility provides support to MSKCC investigators conducting early-stage clinical trials that require biological materials for immunotherapies, vaccines, and stem-cell-based therapies.

At Memorial Sloan-Kettering, we seek to educate and inspire future scientists and clinicians by fostering an enthusiasm for



**Douglas A. Warner III**  
CHAIRMAN  
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PRESIDENT

science and medicine. Our third annual *Major Trends in Modern Cancer Research* seminar drew approximately 460 high school students from about 60 schools in the New York City area to hear three leading MSKCC scientists present their work and explain how developments in their areas of expertise are contributing to a better understanding of cancer.

Our second annual Postdoctoral Research Symposium gave MSKCC's postdoctoral fellows an opportunity to share their latest findings with Center colleagues, mentors, and members of the Tri-Institutional community, which also includes The Rockefeller University and Weill Cornell Medical College. More than 80 scientific projects were described through oral presentations and poster discussions at the daylong event.

Finally, we were honored to have New York State Governor David A. Paterson address our 29th annual Academic Convocation.

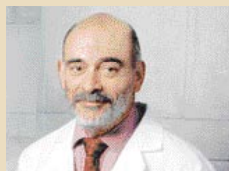
## Honors

In 2008, three of MSKCC's most distinguished scientists were elected members of the Institute of Medicine (IOM) of the National Academies: Kathryn V. Anderson, Chair the Developmental Biology Program in the Sloan-Kettering Institute; Charles L. Sawyers, Chair of the Human Oncology and Pathogenesis Program within Memorial Hospital; and James P. Allison, Chair of SKI's Immunology Program. Membership in the IOM is considered one of the highest honors in the fields of health and medicine.

In addition, Sloan-Kettering Institute Director Thomas J. Kelly was named a member of the Advisory Committee to the Director (ACD) at the National Institutes of Health. The ACD was created in 1966 to advise the NIH director on policy and planning issues important to the NIH mission.



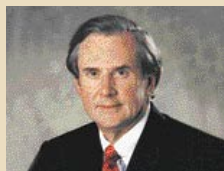
**John R. Gunn**  
EXECUTIVE VICE  
PRESIDENT



**Robert E. Wittes**  
PHYSICIAN-IN-CHIEF  
MEMORIAL HOSPITAL



**Thomas J. Kelly**  
DIRECTOR  
SLOAN-KETTERING  
INSTITUTE



**James D. Robinson III**  
HONORARY CHAIRMAN  
BOARDS OF OVERSEERS  
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## Philanthropy

It was another strong year for the Campaign for Memorial Sloan-Kettering, which has generated more than \$1.82 billion in gifts and pledges over the past seven years and is closing in on its \$2 billion goal. Despite mounting economic uncertainty during the course of 2008, the Center had the best fundraising year in its history, recording a total of \$315.4 million in philanthropic income. We expect 2009 to be a challenging year and are intensifying efforts to attract the gift support that has become so important.

Under the leadership of Society President Leslie Jones, the members of The Society of MSKCC continue to work to help Center patients, raise funds, and increase public awareness of cancer. *(To learn more about the activities of The Society of MSKCC, please see page 80.)*

## Current Economic Realities, Future Effects

Naturally, we are troubled by the current economic crisis. But we are responding to it vigorously and are confident that the Center will remain strong and weather the storm.

We are proud to have operated the institution well, and in a fiscally responsible manner; as a result, our performance in 2008 was strong. Our clinical volumes met our expectations, income from operations was slightly improved when compared to 2007, and the Center continues to generate operating revenues in excess of its expenses.

However, the crisis in the financial markets has had an adverse impact on our long-term investments. Although we do not yet have final results for our non-marketable securities, we expect the total loss for the entire portfolio will be approximately 28 percent.

Consequently, our ability to use income from our investments to support our operating and capital needs will be less than it has been in the past. While that income represents a relatively small percentage of the Center's overall revenue, budgets will need to be adjusted accordingly in the future until our endowment regrows.

In addition, our major source of revenue, payments for health care, may be less reliable in the coming year, due to the general downturn in the economy. For example, we anticipate several million dollars less in Medicaid reimbursements and, with many more people unable to pay their bills, we can expect to deliver a higher level of charity care than usual. Moreover, we cannot predict whether demands for our services will remain at their current high level. And we will face challenges in securing philanthropic support.

To manage this financial situation, Center leadership is redoing future plans for capital expenditures and moderating expense growth. We are looking in all areas of the institution to reduce expenses.

We have modified some of our construction plans for the coming year. Our new 16-story Breast and Imaging Center on Second Avenue between 65th and 66th Streets, which contains the expanded Evelyn H. Lauder Breast Center, will open to receive outpatients in the fall of 2009. While we will finish 11 floors, we will slow the completion of the remaining five floors, which are planned to be used as academic space at a later time. The second phase of the Mortimer B. Zuckerman Research Center (ZRC)—a seven-story structure on East 68th Street that will complete the ZRC complex—advanced steadily throughout 2008. Installation of the exterior building walls began in November and will continue through late spring of 2009. We will then defer finishing the interior and will resume the project when economic conditions improve.

We will maintain our recruitment efforts but will exercise restraint, particularly when considering empty positions not deemed critically important; and, while institutional funds will continue to be used to support laboratory and clinical research activities so that these will move forward with minimal disruption, we will—as we always have—focus on optimizing our resources and scrupulously controlling costs. By taking these steps, we expect to remain in a comparatively favorable fiscal condition.

Memorial Sloan-Kettering represents the best our society can offer to those who suffer from cancer. Over the next year or two, we may move ahead more slowly than any of us would like toward the goal of building a still-better institution. However, we will proceed with our commitments to clinical care, research, and training not simply intact, but robust and thriving.

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MSKCC's achievements are made possible by many people. Our success as an institution is due in great measure to the expertise of our remarkable staff. We are grateful to them for their work, and know that they will continue to serve our patients and this institution with energy, dedication, and imagination through these difficult times. MSKCC's Executive Vice President John R. Gunn and Senior Vice President of Finance Michael P. Gutnick play key roles in maintaining the Center's financial stability. Memorial Hospital Physician-in-Chief Robert E. Wittes and Senior Vice President and Hospital Administrator Kathryn Martin are vital in guiding our clinical programs, maintaining a high level of patient satisfaction, and fostering constant improvements. Director of the Sloan-Kettering Institute Thomas J. Kelly continues to lead our research programs with intelligence and skill.

We also note with sorrow the death of surgical and molecular pathologist William L. Gerald. As Director of the Pathology Research Core Facility, Dr. Gerald built one of the largest research tumor banks in the nation. He was one of the founding members of the Center's Human Oncology and Pathogenesis Program and made major contributions to the understanding of cancer, in particular, prostate and breast cancer, the desmoplastic small round cell tumor, and neuroblastoma. His insight and intelligence are profoundly missed.

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In this year's report we invite you to sit in on two exceptional roundtable discussions. In one, a patient—and in the other, the parents of a patient—talk with the scientists whose research led to the development of agents that made a significant contribution to each patient's survival. These discussions, which also include members of the MSKCC teams that treated these two patients, offer a compelling look at the innovative work being done every day at Memorial Sloan-Kettering. We hope that they will describe to you the pride we take in this institution and our unwavering commitment to excellence.



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