

September 1, 2009

Dear Fellow Members of the Medical Staff of Long Island College Hospital:

Now that the summer is coming to an end and we are all focusing on the coming year, we are taking this opportunity to provide you with an update on the progress that we have made on our objective to separate LICH from Continuum and re-establish LICH's independence.

Rumors that a Downstate Merger is Imminent are FALSE. We are well aware of the rumors that have been circulating that the LICH/Downstate merger is basically a "done deal". This is **ABSOLUTELY NOT TRUE.**

The so-called Memorandum of Understanding that has been signed between the two hospitals has not been made available to us or the public, but we know that it is little more than a statement that the parties would like to come to terms on a deal.

Key Business Issues Have Not Been Resolved. We also know for a fact that there are many critical deal points that must be resolved before a merger can be completed including allocations of very significant expenses and professional liability exposure. There are issues relating to the Othmer Endowment. There will be issues since Downstate and LICH are served by different Unions. Sharing of systems and resources must be worked out. And the list goes on. It is quite possible that the parties will not be able to come to terms on these issues.

Numerous Approvals Required Any purported deal between Downstate and LICH require the approval of, among others:

- New York State Department of Health (DOH)
- Public Health Council
- Dormitory Authority of the State of New York (DASNY)
- U.S. Department of Housing and Urban Development (HUD)
- State University of New York (SUNY)
- New York State Attorney General and Supreme Court
- Medicare Program
- Medicaid Program
- Board of Regents of LICH

NONE OF THESE APPROVALS HAVE BEEN OBTAINED AND, IN FACT, SINCE NO FINAL DEAL HAS BEEN AGREED TO BETWEEN LICH AND DOWNSTATE, NO REQUEST FOR APPROVAL HAS EVEN BEEN SUBMITTED TO ANY OF THESE ENTITIES. Even if LICH and

Downstate are able to come to terms on a deal, it is quite likely that some or all of these approvals will be denied. If approval is sought, we, the Medical Staff will have an opportunity to express our concerns and object to the plan. There are significant reasons why approvals may not be granted.

Very Positive Meeting with the DOH. IMPORTANTLY, we met with very senior level DOH officials on August 6, 2009 to discuss the Medical Staff's position on the future of LICH and the Downstate proposal in particular. These officials have made it absolutely clear that the DOH understands that the continued existence of LICH under any plan will not be financially feasible without the full support of the Medical Staff and accordingly, THE APPROVAL OF THE MEDICAL STAFF IS CRITICAL to obtaining the approval of the DOH. In fact, the DOH has committed to use its influence to orchestrate a meeting between the Medical Staff Executive Committee and its advisors with Downstate to discuss what terms, if any, would be acceptable to the Medical Staff for an affiliation. As per the petition that we signed, we have and will continue to make it clear that we will not agree to any plan that does not result in re-establishing LICH as an independent institution.

Memorandum Summarizing the Improper Constitution of the Current LICH Board. The DOH has asked our attorneys to prepare a written summary of the reasons why the current LICH Board is improperly constituted and the Continuum takeover of LICH was improper. Our attorneys are in the process of preparing such Memorandum and have advised us that there are many grounds for making such determination that the Board is improper.

Appointment of a New Board for LICH In furtherance of our plan, we have selected and obtained the commitment of 10 highly qualified nominees to reconstitute the Board of LICH. We have submitted their names and CVs and other credentials to the DOH for their review. A copy of such submission is attached to this letter for your information.

Status of Our Plan. At this point, if the Downstate proposal is not approved, the only other plan that has been submitted to the DOH and others is the carefully prepared and analyzed plan presented by the team of professionals retained by the Medical Staff. While the DOH has not yet ruled on the plan since it has not been submitted by the LICH Board, we are confident that if the Downstate deal is not approved, the DOH will find our plan to be the only other feasible and acceptable plan for approval.

Application for HEAL Grant. We have prepared and submitted an application on behalf of LICH for a \$15 million HEAL grant to be used in furtherance of the Hospital's needs in accordance with our plan.

We look forward to meeting with you in early September, at which time we will be able to give you further updates and answer any questions that might occur. In the meantime, we implore you not to fall victim to believing rumors that are being circulated to induce you to passively fall in line and accept the Downstate proposal. A Downstate takeover would doom LICH. The only workable solution remains establishing an independent LICH with a possible affiliation with Downstate on terms acceptable to the independent LICH. **STAY THE COURSE - WE WILL GET THERE IF WE REMAIN UNITED AND COMMITTED TO RETURNING LICH TO ITS FORMER INDEPENDENT STATUS.**

Sincerely,

The Medical Staff Legal Committee