



STATE OF NEW YORK
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DIVISION OF PUBLIC ADVOCACY
ANTITRUST BUREAU

August 22, 2000

Patricia A. Connell, Esq.
Ernst & Young, LLP
787 Seventh Avenue
New York, N.Y. 10019

Re: Fairness Formula Investigation / Advice and Notification Agreement

Dear Ms. Connell:

This will confirm that the New York State Office of the Attorney General will suspend its investigation that sought information relevant and material to whether the use by Ernst & Young, LLP of a "Fairness Formula" violated § 340 of the General Business Law of the State of New York, and/or § 1 of the United States Sherman Act, 15 U.S.C. § 1.

Ernst & Young, LLP asserts that the use of the "Fairness Formula" by Ernst & Young LLP's clients cannot be a violation of the antitrust laws by Ernst & Young, LLP. Nonetheless, in consideration of and during the pendency of the suspension of New York's investigation, Ernst & Young, LLP has agreed to the following:

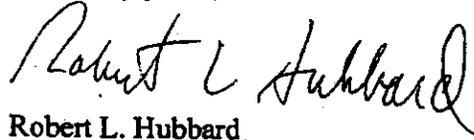
1) For a period through and including June 30, 2005, Ernst & Young, LLP will advise all clients to whom the Fairness Formula is proposed that business transactions in which the Fairness Formula is used could raise antitrust issues, and that such client may wish to consult antitrust counsel as to whether the client can enter into transactions in which the Fairness Formula is used without violating the antitrust laws. Prior to June 30, 2005, Ernst & Young, LLP and the New York State Office of the Attorney General shall communicate and discuss whether continuation of the terms of this letter would be appropriate;

2) Ernst & Young, LLP will provide a copy of the Final Consent Judgment in *New York v. Saint Francis Hospital, Vassar Brothers Hospital and Mid-Hudson Health*, 98 CV. 939 (S.D.N.Y.) (WCC) to all clients it is required to advise pursuant to paragraph one (1) above; and

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3) Ernst & Young, LLP will maintain a file containing the name and address of each client it has advised pursuant to paragraph one (1) above.

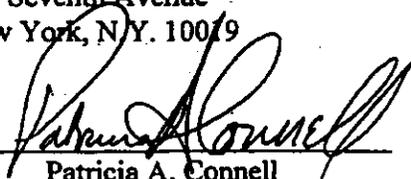
Very truly yours,



Robert L. Hubbard
Director of Litigation

For: Ernst & Young, LLP
787 Seventh Avenue
New York, N.Y. 10019

By:



Patricia A. Connell
Associate General Counsel

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