

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
PRIMARY HEALTH SYSTEMS, INC.,)
PHS CLEVELAND, INC.,) Case No. 99-615 (MFW)
PHS PHYSICIAN MANAGEMENT OF)
OHIO, INC., PHS MT. SINAI, INC.,)
PRIMARY HEALTH SYSTEMS OF)
OHIO, L.P., PHS ST. ALEXIS, INC.,) Jointly Administered
PHS LAURELWOOD, INC.,)
PHS ROXBOROUGH, INC., and)
LOWER BUCKS, INC.,)
Debtors.)
Objection Deadline: November 6, 2001 at 4:00 p.m.
Hearing Date: Only if Objections are filed

NOTICE OF TAX SETTLEMENT

TO: Neil B. Glassman Richard A. Schepacarter
(Committee Counsel) (U.S. Trustee)
All parties requesting notice pursuant to Rule 2002 The Debtors secured bank lenders
Affected taxing authorities All parties under the tax escrow agreement

PLEASE TAKE NOTICE that Primary Health Systems, Inc., the above captioned debtor and debtors in possession (the "Debtors") have filed the attached **Tax Settlement with the Board of Revision, Cuyahoga County.**

Objections to the attached tax settlement must be filed on or before **November 6, 2001 at 4:00 p.m.**

At the same time, you must also serve a copy of the response upon Debtors' Counsel:

Brendan Linehan Shannon, Esquire
Edward J. Kosmowski, Esquire
Young Conaway Stargatt & Taylor, LLP
1100 North Market Street
Wilmington Trust Center
Wilmington DE, 19899

James P. Ricciardi, Esquire
Craig A. Bruens, Esquire
Gibson Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166

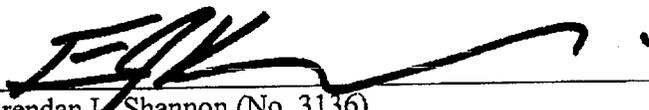
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IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE SETTLEMENT SHALL BE DEEMED APPROVED WITHOUT FURTHER NOTICE OR HEARING IN ACCORDANCE WITH THIS COURTS ORDER DATED FEBRUARY 15, 2001.

IF OBJECTIONS ARE TIMELY FILED AND SERVED A HEARING WILL BE SCHEDULED AT THE CONVENIENCE OF THE COURT. ONLY OBJECTIONS WHICH HAVE BEEN TIMELY FILED AND SERVED WILL BE CONSIDERED AT SUCH A HEARING.

YOUNG CONAWAY STARGATT & TAYLOR LLP



Brendan J. Shannon (No. 3136)
Edward J. Kosmowski (No. 3849)
11th Floor, Wilmington Trust Center
P.O. Box 391
Wilmington, Delaware 19899
(302) 571-6600

- and -

GIBSON, DUNN & CRUTCHER LLP
James P. Ricciardi, P.C.
Craig A. Bruens
200 Park Avenue
New York, New York 10166
(212) 351-4000

Co-Counsel to the Debtors and Debtors in Possession

Date: October 17, 2001

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BOARD OF REVISION
CUYAHOGA COUNTY

PHS MT. SINAI, INC.

) COMPLAINT NOS. 9913/11011 (1999)
)
) PERMANENT PARCEL NOS.
) 661-11-101; 661-11-103;
) 661-11-107; 661-11-113;
) 661-11-004
)
) STIPULATION

IT IS HEREBY AGREED TO AND STIPULATED, for settlement purposes only, by and between the parties, through their respective counsel, that the taxable value of the property, which is the subject of this appeal and identified in the Map Records of the Auditor of Cuyahoga County, Ohio, was as follows:

	<u>Land</u>	<u>Building</u>	<u>Total</u>
661-11-101	\$197,750	2,679,490	2,877,240
661-11-103	26,670	82,040	108,710
661-11-107	93,240	0	93,240
661-11-113	52,680	0	52,680
661-11-004	<u>18,130</u>	<u>0</u>	<u>18,130</u>
Total	388,470	2,761,530	3,150,000

IT IS FURTHER AGREED TO AND STIPULATED that the Board of Revision, Cuyahoga County, may enter an Order incorporating the terms of this Stipulation.

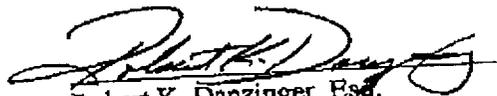
IT IS FURTHER AGREED that this Stipulation and Agreement is subject to the approval of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") having jurisdiction over the pending Chapter 11 case of Primary Health Systems, Inc.,

including PHS Mt. Sinai, Inc. which is being jointly administered with the Chapter 11 cases of its affiliates under Case No. 99-615(MFW), and shall be of no force and effect unless and until an Order approving the same has been entered. If this Stipulation and Agreement is not approved by the Bankruptcy Court, it shall be null and void and shall not be referred to or used for any purpose by any of the parties hereto except as to this Paragraph.



Daniel M. McIntyre, Esq.
Thompson Hine LLP
3900 Key Center
127 Public Square
Cleveland, OH 44114-1291

**ATTORNEY FOR RICHMOND
HEIGHTS BOARD OF EDUCATION**



Robert K. Danzinger, Esq.
Schottenstein, Zox & Dunn
1375 East Ninth St., Suite 950
Cleveland, OH 44114

**ATTORNEY FOR
PHS MT. SINAI, INC.**

THOMPSON HINE BRUSSELS CINCINNATI CLEVELAND COLUMBUS DAYTON WASHINGTON, D.C.

October 4, 2001

Robert K. Danzinger, Esq.
 SCHOTTENSTEIN, ZOX & DUNN, LPA
 One Cleveland Center
 1375 9th Street, Suite 950
 Cleveland, Ohio 44114
 RE: Parcel No. 661-11-101, et al.
 PHS Mt. Sinai, Inc.
 27100 Chardon Road, Richmond Heights, Ohio
 Tax Years 1997 and 1998

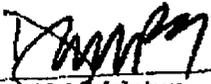
Dear Mr. Danzinger:

Please allow this letter to memorialize the agreement between your client, PHS Mt. Sinai, Inc. and my client, Richmond Heights School District regarding the payment of delinquent taxes, penalties, and interest for tax years 1997 and 1998 for the above-referenced property. For valid consideration, including the School District's agreement to reduce the value of the subject property for tax year 1999 (which shall be memorialized in a separate letter agreement), PHS Mt. Sinai, Inc. agrees to pay all delinquent taxes, penalties, and interest regarding the above-referenced property for tax years 1997 and 1998. According to Cuyahoga County, the total amount owed for delinquent taxes, penalties, and interest as of the date of this letter for tax years 1997 and 1998 is \$524,161.77. Upon receipt of the final decision from the Cuyahoga County Board of Revision and the approval of said decision from the United States Bankruptcy Court, and following the expiration of time for the perfection of any related appeals, PHS Mt. Sinai, Inc. shall make an immediate request to Surety Title, Inc for the release of the funds to satisfy its obligation pursuant to the terms of this agreement.

Both of the undersigned representatives specifically represent that they have full authority to enter into this agreement on behalf of their respective clients.

Respectfully submitted,

Respectfully submitted.


 Daniel M. McIntyre
 THOMPSON HINE LLP
 3900 Key Center
 127 Public Square
 Cleveland, Ohio 44114-1291
 Attorney for Richmond Heights
 School District


 Robert K. Danzinger, Esq.
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