

Statement of Stephen Kay

Chair of the Board

Beth Israel Deaconess Medical Center

May 3, 2010

The Board of Directors of Beth Israel Deaconess Medical Center, with the assistance of outside counsel, has completed its review of allegations made involving President and CEO Paul Levy. The review focused on a personal relationship with a former employee of the Medical Center. The Board found that over time the situation created an improper appearance and became a distraction within the hospital.

The Board believes that Mr. Levy should have recognized this situation in a more timely fashion and should have conducted himself in keeping with business protocol appropriate for the office of the CEO.

Mr. Levy agrees that it was a serious lapse in judgment and agrees with the Board's conclusions. He has apologized to us and to the entire staff of the hospital.

Although our outside counsel found that Mr. Levy did not violate hospital policy, the board determined that he showed poor judgment and the board expressed its disappointment. Accordingly, the board has voted to take appropriate actions by:

1. imposing a financial penalty of \$50,000 to be paid to the hospital in the current fiscal year.
2. instructing that this matter be considered in determining the CEO's compensation for the next fiscal year.

Although in this instance, Mr. Levy has not lived up to the standards we set for our CEO, the Board also considered his exemplary record over the course of his tenure at BIDMC, the current performance of the hospital, his role as the chief architect of the hospital's leading position in quality and safety, and his bold voice of leadership on public policy. Under Mr. Levy's direction, the hospital has reclaimed its rightful place as one of the region's preeminent providers of health care, medical education and research. The board again expressed its full support and confidence in his continued leadership, and considers this matter closed.