To members of the Financial Accounting Standards Board:

Radiation Therapy Services, Inc. and its wholly owned subsidiaries, collectively referred to herein as the "Company," design, construct, own or lease, and operate radiation therapy centers which provide radiation treatment to cancer patients principally in Florida. For radiation centers which the Company operates pursuant to management agreements (located outside the state of Florida), the Company receives management services fee revenue. The amount of management services fee revenue is set by the terms of each management agreement.

On November 20, 1997, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB) reached a consensus on Issue 97-2, "Application of FASB Statement No. 94 and APB Opinion No. 16 to Physician Practice Management Entities and Certain Other Entities with Contractual Management Arrangements." EITF Issue 97-2 covers financial reporting matters related to the consolidation of professional corporation revenue and expenses. The Company's accounting policies in these areas are consistent with the consensus reached in EITF Issue 97-2. The radiation centers operated by the Company pursuant to management agreements are not included in the Company's consolidated financial statements.

The Exposure Draft No. 194-B "Consolidated Financial Statement: Purpose and Policy," would require a controlling entity (parent) to consolidate all entities that it controls (subsidiaries) unless control is temporary at the time the entity becomes a subsidiary. It proposes a definition of control of an entity. For purposes of consolidated financial statements, control involves the nonshared decision-making ability of one entity to direct the policies and management that guide the ongoing activities of another entity so as to increase its benefits and limit its losses from that entity's activities.

Issue: The shareholders of the professional corporations (which are not consolidated with the Company) own approximately 95% of the Company's stock. Due to this relationship, the shareholders of the Company have influence on the decision-making ability of the professional corporations.

Comment: With the above issue noted, what impact will the Exposure Draft have on the consolidation of professional corporations in accordance with EITF 97-2? Will these professional corporations have to be consolidated with the Company? The Company believes consolidation of the professional corporations will be necessary.