

VIA FACSIMILE

Thomas F. Hancock, Esquire Premerger Notification Office Federal Trade Commission Room 303 6th Street and Pennsylvania Avenue, N.W. Washington, D.C. 20880

Dear Mr. Hancock:

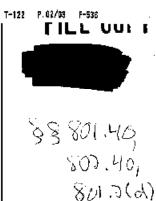
As we recently discussed, please let me know whether the transaction described herein would qualify as the formation of a non-reportable, non-profit joint venture.

The Parties

Health System X (a non-profit health system') is the sole corporate member of Hospital System A (also a non-profit entity). A, in turn, is the sole corporate member of hospitals B and C (both non-profit hospitals).

Health System Y (a non-profit health system) is the sole corporate member of hospital D (a non-profit hospital).

Both Health Systems X and Y own significant other assets, including hospitals, which are not part of this proposed transaction and will remain separate. Furthermore, both X and Y will retain their separate corporate identities after this transaction.



Entities referred to herein as non-profit are non-profit within the meaning of one or more of the following sections of the Internal Revenue Code: sections 501(c)(1)-(4), (6)-(15), (17)-(20) or (d).

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The Proposed Transaction

X and Y wish to unite the operations of hospitals B, C, and D. To lo so, the parties propose to amend the articles and bylaws of A to make it the sole corporate member of hospital D. At the same time, Y will obtain a special corporate membership interest in A. This special corporate membership interest will, among other things, be non-transferable by Y to any entity other than X, entitle Y to a fixed yearly fee while it remains a member of A (Y will not share in either the profits or losses of A), and can be transferred to X for any reason after three years for a fixed fee.

At the inception of the arrangement both X and Y will appoint 50% of A's Board. However, through the use of certain reserved powers, Y's role in the governance and management of A will be all but eliminated. (The Bylaws and Articles of D will also be amended to comport with both A's and X's governance structure.) Furthermore, Y's Board representation will decline to less than 50% after approximately three years.

Please call me at your earliest possible convenience with your conclusions regarding the reportability of this transaction. If you conclude that this transaction is not reportable, I would also like to know whether the reduction of Y's representation on A's Board below 50% or the transfer of the membership interest from Y to X after three years would trigger the need to report.

If you need any additional information, or have any questions, please let me know.

As always, I thank you for your assistance.

John Writer that the contribution Sincerely yours.

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