Verne, B. Michael

801.10

From: [redacted]

Sent: Friday, January 30, 2009 9:59 AM

To: Verne, B. Michael

Cc: [redacted]

Subject: HSR Compliance Question

Hello Mike,

Thank you for taking the time to speak with us yesterday. As mentioned during our call, we are sending you this summary to confirm our conversation. As we discussed, our transaction involves the affiliation of two non-profit, non-stock hospitals and whether there is any acquisition price to take into account when determining the transaction value. Below is a brief summary of the facts and our conclusion as discussed during our phone call.

Facts

Hospital A and Hospital B, both of which are non-profit and non-stock entities, have entered into an Affiliation Agreement (the "Agreement") whereby Hospital A will have the right to appoint the board of directors of Hospital B and therefore will acquire control of Hospital B for HSR purposes. Under the HSR regulations and informal interpretations, such transaction would be deemed to be an acquisition of assets and the transaction value is the FMV of the assets or, if determined and higher, the acquisition price.

As part of the Agreement, Hospital A will grant $25 million to Hospital B for certain approved capital projects of Hospital B (the "Capital Contributions") over the next 5 years based on an approved draw down schedule. Hospital B will have no direct repayment obligations or additional debt burden resulting from the capital projects funded by the Capital Contributions.

Also as part of the Agreement, Hospital A will refinance Hospital B's certain long term debt of Hospital B by allowing Hospital B to enter into Hospital A's Obligated Group Bond facility (the "OGB"). Each OGB member is jointly and severally liable for all debt that has been issued specifically under the OGB's master trust indenture ("MTI"). As part of the refinancing, some of Hospital B's existing debt will be refinanced under the OGB MTI as of the closing date. Thus, Hospital A will be jointly and severally liable for a dollar amount equal to (actually very slightly higher than, to accommodate costs of issuance) the outstanding debt of Hospital B that is being refinanced.

Conclusion

As discussed, the Capital Contributions are not deemed to be consideration for the assets because these contributions may only be used for approved projects and are not going to the sellers of Hospital B. Further, because there is no acquisition price in this transaction, any assumed liabilities are irrelevant. Thus, in this case the transaction value will be the fair market value of Hospital B.

Do you agree that this summary and the conclusions stated herein accurately reflect our conversation and state the appropriate analysis to apply in this situation?

Thank you again for your time.

AGREE
BMV
1/30/09

Best regards,