

SENT BY: [REDACTED]

: 7-31-96 11:23AM :

VIA FACSIMILE

July 31, 1996

Mr. Richard Smith  
Premerger Notification Office  
Federal Trade Commission  
Washington, D.C.

This material may be subject to the confidentiality provisions of Section (b) of the Clayton Act which restricts release under the Freedom of Information Act.

JUL 31 1 09 PM '96  
PREMERGER NOTIFICATION OFFICE  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C.

Re: Application of Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "Act")

Dear Dick:

The purpose of this letter is ask you, on behalf of the Premerger Notification Office, to review the terms of a proposed transaction, which will be structured as described in this letter and the accompanying attachment, so that we may discuss the application of the Act to the proposed transaction.

For the purpose of this letter, we will assume that the jurisdictional tests of the Act are met by the parties and the proposed transaction. The proposed transaction is the formation of a new, non-stock, not-for-profit corporation by two entities, Joint Venture A and Holding Company B. Joint Venture A is an unincorporated joint venture between Health System A-1 and Health System A-2. As part of the joint venture, Health System A-1 is the sole common stockholder of Hospital A, a stock, not-for-profit corporation, and Health System B-1 is the sole holder of convertible debentures issued by Hospital A. In their capacities as stockholder and debenture holder, Health System A-1 and Health System A-2 have equal control over Hospital A and are each ultimate parent entities of Hospital A. Health System A-1 and Health System A-2 each have substantial activities outside of Joint Venture A.

Holding Company B is a non-stock, not-for-profit corporation, which has as its corporate members certain osteopathic physicians practicing medicine at Hospital B, and is its own ultimate parent entity. Holding Company B's sole purpose is to hold the corporate membership of Hospital B, a non-stock, not-for-profit corporation, as well as the voting securities and corporate memberships of other related for-profit and not-for-profit corporations associated with Hospital B (the "Related Companies"). Holding Company B has no other significant business activities outside of its interests in Hospital B and the Related Companies.

Joint Venture A and Holding Company B propose to form a not-for-profit corporate joint venture, Newco, which will be a non-stock corporation. At the time of formation, Joint

Mr. Richard Smith  
Premerger Notification Office  
July 31, 1996  
Page 2

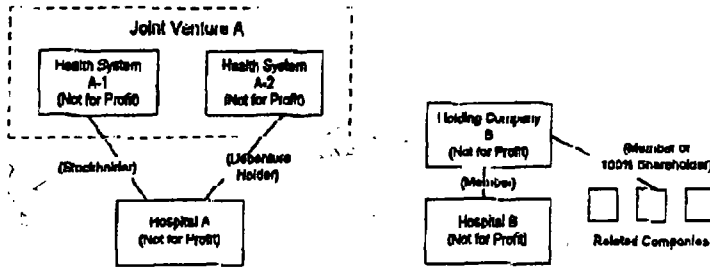
Venture A will contribute to Newco the stock and debentures of Hospital A and Holding Company B will contribute to Newco the corporate membership in Hospital B. Holding Company B will also contribute to Newco the voting securities and corporate memberships of the Related Companies. At the present, it has not been decided how Health System A-1 and Health System A-2 will hold Joint Venture A's membership in Newco. As members of Newco, Joint Venture A (or Health System A-1 and Health System A-2, collectively) and Holding Company B will have the right to elect an equal number of directors to the Newco board of directors.

The structure prior to the formation of Newco and after the formation of Newco is depicted on the diagram attached to this letter.

On the basis of our previous conversations regarding the formation of non-stock, not-for-profit corporations, I believe that the Premerger Notification Office may view this proposed transaction as the formation of a non-stock, not-for-profit joint venture corporation which does not require premerger notification under the Act. I would like to speak with you as soon as possible to discuss the Premerger Notification Office's position with respect to this proposed transaction. Please telephone me at [REDACTED] at your earliest convenience.

Very truly yours,  
[REDACTED]

Before Transaction



Transaction

In the formation of Newco, in exchange for a membership in Newco, Joint Venture A will contribute to Newco the stock and debentures of Hospital A and Holding Company B will contribute to Newco its membership in Hospital B, and Holding Company B will also contribute the memberships and voting securities of Hospital B's related companies.

After Transaction

