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August 3, 1988

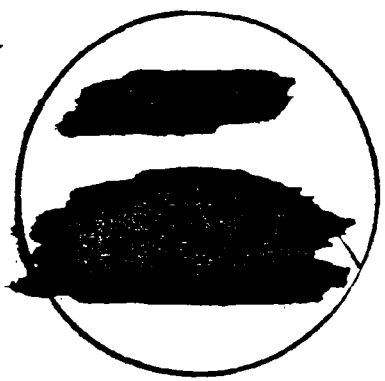
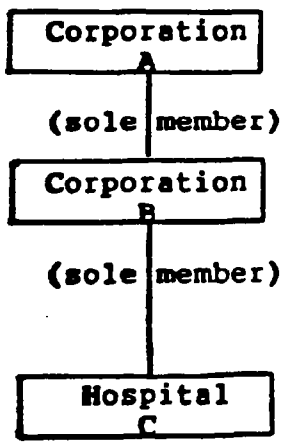
Mr. Patrick Sharpe
Premerger Notification Office
Bureau of Competition
Room 301
Federal Trade Commission

is potential may be subject to
jurisdiction by provision of
of the Clayton Act
passed under the

In the telephone conversation we had on August 3, 1988, we discussed the application of the Hart-Scott-Rodino Antitrust

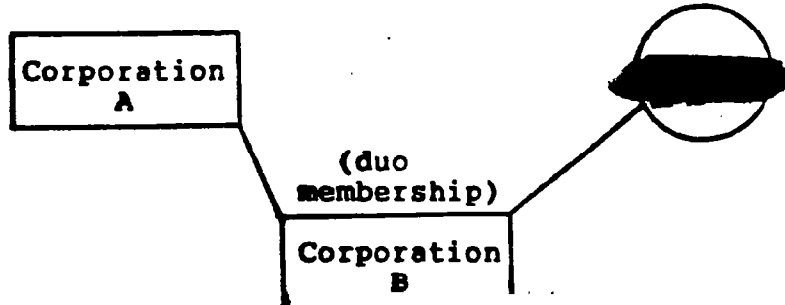
the sole member of another not-for-profit corporation, Corporation B, which is the sole member of a not-for-profit hospital, Hospital C. [redacted] is a municipal corporation and [redacted] directly [redacted] the assets of [redacted] are to be transferred to Hospital C and Hospital C will assume all of the liabilities of [redacted]. As part of the transfer, the membership of Corporation B will be changed from one member (Corporation A) to two equal members (Corporation A and [redacted]). The following diagram shows these changes in structure.

Before



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After



Hospital
C
(w/Assets &
Liabilities of
[redacted])

In addition to Hospital C's assumption of [redacted] liabilities, Corporation B will pay (i) the debt service on [redacted] million general obligation bonds issued to finance a new wing of [redacted] and (ii) amounts needed to fund the retirement fund for [redacted] employees.

As we discussed, paragraph (c)(4) of the Act exempts "transfers to or from a Federal agency or a state or political subdivision thereof." In addition 16 C.F.R. § 801.1(a)(2) defines "entity" to exclude "the United States, any of the States thereof or any political subdivision or agency of either (other than a corporation engaged in commerce)." Excluding governments and their agencies from the definition of "entity" means they cannot be "persons" or included within "persons." Since the Act only covers transactions by "persons," the Act does not apply to those excluded from the definition. Because [redacted] is a municipal corporation and [redacted] is unincorporated, neither should be considered "a corporation engaged in commerce." [redacted] are therefore not persons subject to the Act by virtue of their exclusion from the definition of entity.

Based upon the foregoing analysis and conclusion, the parties intend to consummate the transaction described above without filing Notification and Report Forms with the Federal Trade Commission and the Antitrust Division of the Department of Justice. Please contact me within the next ten days if you do not agree with this analysis.

Very truly yours,
[redacted]

I concur with this letter. P.S.

Also reviewed by WK.

*Attempted to call
three times - no answer
last call 8-19-88*