

[REDACTED] : 2- 3-95 :12:10PM : [REDACTED]

VIA FACSIMILE

February 3, 1995

Mr. John Sipple

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

Dear John:

The purpose of this letter is to outline and supplement the fact scenario that you, I and [REDACTED] talked about yesterday morning.

ALD

The proposed transaction is among three parties who satisfy the size of person test, Religious Entity A, Hospital System B and Hospital Foundation C. Religious Entity A, Hospital System B and Hospital Foundation C are all not-for-profit corporations. They propose to form a not-for-profit corporate joint venture, Newco. In the formation of Newco, Religious Entity A will contribute the corporate membership of Holding Company A to Newco in exchange for a corporate membership in Newco and an equalization payment from Newco, Hospital System B will contribute the corporate membership of Hospital B and cash to Newco in exchange for a corporate membership in Newco, and Hospital Foundation C will contribute the corporate

Foundation C will have the right to elect 4 directors, 12 directors, and 9 directors, respectively to

During the course of our conversation, you asked us to detail for you the nature and extent of the operations of each of the three joint venturers outside of the joint venture. Religious Entity A will conduct religious and educational operations outside of the joint venture. In particular, Religious Entity A, in addition to its charitable and service work, will continue to own and operate an elementary school, a high school, a long-term care facility for aged members of the religious community and a retreat center. Hospital System B will continue to own and operate seven acute care hospitals, each of which has other related health care operations, and a

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charity with assets in excess of \$60 million outside of the joint venture, which it will use to support the advancement of osteopathic medicine and osteopathic education, Newco and

on the basis of the facts presented in this letter, the Premerger Notification Office should view this proposed transaction as the formation of a not-for-profit joint venture corporation which does not require premerger notification under the Act and not as a merger or consolidation requiring premerger notification. We would like to speak with you again as soon as possible to confirm the advice being rendered by the Premerger Notification Office. Please telephone me at [redacted] at your earliest convenience.

Very truly yours,

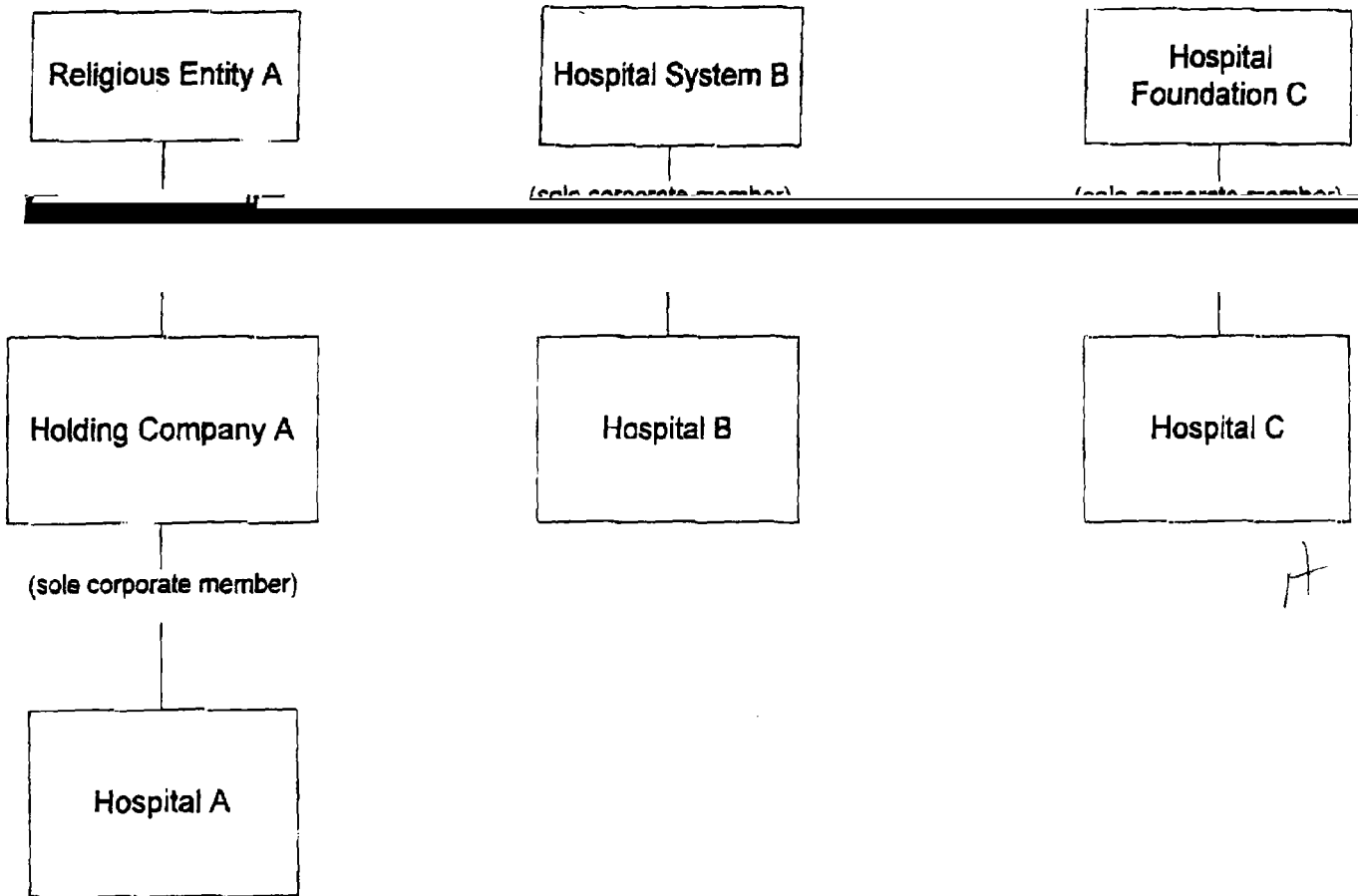
[redacted signature block]

A/C

cc: [redacted]

Advised requestor that the transaction will be treated as a formation of a joint venture non profit corporation and, as such, if the transaction is not subject to HSR, assuming such entities have voting securities, the formation of a nonprofit corporation (501(c)(3)), is exempt under § 802.40. If such an entity does not have voting securities it is not covered by § 801.40, which is applicable to the formation of ~~corp~~ corporate joint ventures that issue voting securities. Since the acquisition is not a merger or consolidation, it is not subject to 801.2(d). It is being treated as a joint venture since the parties forming the nonprofit corporation will continue to maintain their separate existence and will continue,

PRE-JOINT VENTURE



health care operations. Hospital Foundation C owns and operates 6
residential and office buildings and as a public charity will have assets

CREATION OF JOINT VENTURE

A will continue to operate as a school, a high school, a long term care facility, for aged members of the religious community, and assist with

B will own acute care hospitals, and a long term care company

C will own and operate General Hospital and operate C will also operate as a public charity (with 100% support from the community)

Religious Entity A

Hospital System B

Hospital Foundation C

(minority percentage interest - 4 board seats)

(majority percentage interest - 13 board seats)

(minority percentage interest - 8 board seats)

(become the corporate members on formation of Newco)

(equalization payment)

(equalization payment)

Newco (not-for-profit)

A/D

~~the sole corporate member when member-ship~~

Holding Company A

Hospital B

Hospital C

At the time of Newco's formation, (i) Religious Entity A contributes to