

entered into a partnership agreement for the operation of the ^{in LBA} ^{Book} ^{of the} ⁹ hospitals. [REDACTED]

FEDERAL TRADE COMMISSION
PREMERGER NOTIFICATION OFFICE

DEC 28 11 15 AM

December 27, 1995

VIA FEDERAL EXPRESS

Victor Cohen, Esq.
Premerger Notification of
Bureau of Competition
Federal Trade Commission

release under the Freedom of Information Act which restricts release under the Freedom of Information Act.

Re: Information Interpretation Pursuant to 16 C.F.R. § 803.30

Dear Mr. Cohen:

This letter summarizes the informal interpretation you gave over the telephone on December 20, 1995 relative to the proposed transaction described herein.

The two hospital entities Hospital A and Hospital B, (together with their controlling Sponsors), intend to enter into a joint operating agreement ("JOA"). The JOA will not involve the formation of any corporate or non-corporate entity. No assets will be contributed by one

Under the JOA, a Governance Committee (jointly controlled by the Sponsors) will govern the operations and decision making processes (including hiring, purchasing, marketing, budgeting

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The hospitals (which are wholly-controlled by their respective Sponsors) will continue to

[REDACTED]

to which the Sponsors may not continue to hold their respective hospital assets. These events are as follows: (1) If termination of the JOA occurs after three years subsequent to the effective date of the JOA, there will be an appraisal to determine the fair market value of the assets and, after the payment of certain debt, the remaining assets, liabilities and operations of the combined

[REDACTED]

to 40% of the fair market value of the assets of the combined hospitals. (3) After five years subsequent to the effective date of the JOA, any Sponsor may exercise a mandatory "put" which requires the non-exercising Sponsor to buy from the exercising Sponsor its entire interest in the JOA and the assets of its respective hospital at a purchase price equal to 40% of the fair market

[REDACTED]

[REDACTED]

the Act. This is because no acquisition of assets or voting securities will occur upon the Effective Date of the JOA. In particular, you noted that the JOA is, in effect, an equal partnership or operating agreement (as opposed to one entity assuming effective control of the

to their assets and bear the risk of loss or gain.

[REDACTED]

pursuant to 16 C.F.R. § 803.50(a) given to me over the telephone. Thank you very much for your assistance.

Sincerely,

[REDACTED]

[REDACTED]

[REDACTED]