

[REDACTED]

[REDACTED]

TELEPHONE  
[REDACTED]  
WRITER'S DIRECT DIAL NUMBER

August 6, 1999

Mr. Richard Smith  
Federal Trade Commission  
Pre-Merger Notification Office  
Bureau of Competition, Room 303  
6th Street & Pennsylvania Ave., NW  
Washington, D.C. 20547

1999 AUG 6 P  
[REDACTED]

This letter confirms our telephone conversation on July 26, 1999 regarding the application of Hospital Network A to the Federal Trade Commission regarding the rules and regulations promulgated thereunder to the facts below:

- Hospital Network A is a not-for-profit, tax exempt corporation, that serves as the sole corporate member of Hospital B and Hospital Holding Company C.
- Each of Hospital B and Hospital Holding Company C is a not-for-profit, tax exempt corporation.
- In its capacity as sole corporate member, Hospital Network A has been granted a number of reserved powers over Hospital B and Hospital Holding Company C, including the right to appoint directors to the boards of Hospital B and Hospital Holding Company C and to remove directors for cause.
- With the approval of Hospital Network A, Hospital Holding Company C plans to merge into Hospital B.
- The Board of Directors of Hospital Network A has approved the voluntary dissolution of Hospital Network A, and Hospital Network A is currently in the

[REDACTED]



Mr. Richard Smith  
August 6, 1999  
Page 2

process of winding up its affairs. Although the effective date of dissolution has yet to be determined, we asked that you presume, for the sake of analysis, that



necessary to wind up its affairs.

constitute a reportable transaction under the HSR Act. Although such merger would not fall within the exemption for Intraperson Transactions under Rule 802.30 of the HSR Act rules because no voting securities are involved, the FTC Pre-Merger Notification Office has interpreted Rule 801.1(c)(8) to exempt the merger of two non-profit corporations having the same sole corporate member/parent because the parent already holds all of the assets held by the entities it controls. Thus, Hospital Network A would be viewed as already holding the assets of both Hospital B and Hospital Holding Company C and the merger would not constitute an acquisition of assets under the HSR Act.

This conclusion is not altered by the fact that Hospital Network A will be dissolved and removed as the member of Hospital B following the effective date of the merger. As you stated, [REDACTED] will not be reportable. Of course, if Hospital Network A is dissolved or removed as a member of Hospital B and Holding Company C before that



removal as the sole member of Hospital B and the other hospitals that comprise the Network

furniture, equipment and art work with values well under the HSR Act thresholds, you confirmed that the dissolution would not be reportable, unless "some one else" were to replace Hospital Network A as the sole corporate member of Hospital B and the other hospitals.

[REDACTED]

Mr. Richard Smith  
August 6, 1999  
Page 3

If the foregoing does not accurately reflect the Pre-Merger Notification Office's position regarding the reportability of the proposed transaction, please contact either me [REDACTED] or [REDACTED] prior to the close of business on August 16, 1999.

Thank you for your assistance. Should you have any questions, please do not hesitate to call.

Very truly yours,

[REDACTED]

[REDACTED]

cc: [REDACTED]

8/10/99 - Advised writer that letter accurately reflected view of Premerger Office in transactions such as this.

R. R. Smith