

AUG. 5. 2002 3:13PM

[REDACTED]

July 31, 2002

VIA FACSIMILE

Michael Verne, Esq.
Premerger Notification Office
Federal Trade Commission
600 Pennsylvania Avenue
Washington, D.C. 20580

1001 115 - 0 14 2b
FEDERAL TRADE COMMISSION
PREMERGER NOTIFICATION
OFFICE

Dear Mike:

As I stated I would, I am writing to confirm our telephone conversation this afternoon in which [REDACTED] also participated. [REDACTED] and I described the following situation to you.

The [REDACTED] recently obtained a deed in lieu of foreclosure to substantially all of the assets of Hospital A. This deed was obtained in lieu of a foreclosure on a mortgage held by [REDACTED] Hospital A continues to operate under its pre-existing management, and the deed is currently held in escrow pending the sale by [REDACTED] of the assets to an independent party. [REDACTED] recently conducted an auction of the assets. Our client, Hospital B, won the auction. Before taking title to the assets, B will be required to obtain approval from a state licensing authority. In the interim, [REDACTED] requires that Hospital B execute a management agreement with Hospital A and take over the management of Hospital A. Once state approval is obtained, a closing will be held. Hospital A's assets will then be released from escrow to [REDACTED] which will then convey them to Hospital B.

Our view, in which you concurred, was that because B's purchase of the assets of A will be from [REDACTED] Federal agency, the acquisition will be exempt from HSR reporting pursuant to Section 7A(c)(4) of the HSR Act, which exempts "transfers to or from a Federal agency." And because the acquisition will be exempt, there is no impediment to A and B entering the management agreement required by [REDACTED]

[REDACTED]

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Michael Verne, Esq.
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If we do not hear back from you, we will assume you agree with our analysis.

Thanks and regards.

[Redacted]

[Redacted]

cc: [Redacted] sq.

AGREE -
B. Michael Verne
8/6/02

[Redacted]

[Redacted]

[Redacted]