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[REDACTED]

July 15, 2009

James H. Ferkingstad
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

[REDACTED]

7/20/09 802.40
Agree JHF

Dear Mr. Ferkingstad:

This letter is to confirm my conversation with you today in which you indicated that the following transaction is exempt under 16 C.F.R. §802.40 from the reporting requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, 15 U.S.C. §18a.

In the proposed transaction, two nonprofit hospital systems ("System A" and "System B") have agreed to affiliate through the creation of a to-be-formed nonprofit corporation qualified under Section 501 (c)(3) of the Internal Revenue Code ("Newco"). System A and System B are integrated healthcare delivery systems, each including a nonprofit parent corporation qualified under Section 501(c)(3), and numerous subsidiary corporations, including Section 501(c)(3) hospitals and clinics. System A and System B provide health related services in Territory A and Territory B, respectively, which are separate and distinct. Newco will become the sole member of the existing parent corporations of both System A and System B and will govern the operation of the combined health system, subject to certain limited reserved powers of Newco's nonprofit corporate members, as discussed more fully below.

Two new nonprofit corporations qualified under Section 501(c)(3) will be formed to act as the corporate members of Newco (the "System A Member," the "System B Member," and together, the "System Members"). The boards of directors of the System Members shall be comprised of the current board members of the System A parent corporation and the System B parent corporation, respectively. The governing boards of the System Members shall be self-perpetuating except as provided below.

The initial Newco Board of Directors shall consist of 15 members, seven of whom shall be appointed by System A from among the current directors of the System A parent corporation ("System A Directors"), seven of whom shall be appointed by System B from among the current directors of the System B parent corporation ("System B Directors") and the CEO of Newco. All System A Directors must be residents of Territory A, and all System B Directors must be residents of Territory B.

Except for the CEO, the initial directors of Newco shall serve initial terms of two, three or four years. Their successors each shall serve three year terms. The current CEO of System

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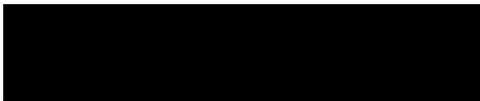
A will serve as the initial CEO of Newco. During the first year, the System A Member may remove any System A Director without cause upon not less than a two-thirds vote of the governing board of the System A Member, and may designate any successor to any System A Director who has died, resigned or been removed. The System B Member shall have the same rights with respect to the System B Directors.

For appointments to the Newco Board of Directors after the first year, the Newco Board of Directors will appoint a Nominating Committee, consisting of two System A Directors and two System B Directors, who shall nominate successors to the Newco Board of Directors. The governing board of the System A Member will have the option to reject any nominee as a successor System A Director. In the event that the nominee is rejected by the System A Member, the Nominating Committee shall nominate another nominee. If the System A Member rejects the second nominee, the System A Member shall have the right to appoint the successor System A Director. The System B Member will have the same rights with respect to successor System B Directors. Following the first year of the affiliation, the System A Member may remove System A Directors only for cause and the System B Member may remove System B Directors only for cause.

At least once each calendar year in connection with the annual adoption of Newco's five year strategic plan, the System Members shall consider whether to terminate their status as System Members of Newco. If not terminated earlier, upon adoption of the 2012 five year strategic plan by the affirmative vote of 10 members of the Newco Board of Directors (unless the plan is rejected by a two-thirds vote of the governing board of either the System Member A or the System Member B), both System Member A and System Member B will cease to have any rights with respect to Newco. Upon sunset of the rights of the System Members, the Newco Board of Directors shall elect three additional System A Directors and three additional System B Directors by a vote of at least 10 Newco directors, so that as of that time, the Newco Board of Directors would consist of 20 directors plus the CEO of Newco.

Newco shall govern the operation of the combined health system subject to the following limited reserved powers of approval retained by the System Member A and the System Member B:

- (1) Amendment of articles of incorporation and bylaws of Newco.
- (2) If Newco is not the surviving party, merger of Newco with an entity that is not a wholly controlled subsidiary of Newco.
- (3) Consolidation or dissolution of Newco.
- (4) Sale of all or substantially all of the assets of Newco.
- (5) Change of name of Newco.
- (6) Any of the foregoing with respect to a "material subsidiary" of Newco.
- (7) Approval of the initial President of System B.



Upon termination of the rights of the System Members with respect to Newco, and the expansion of the Newco Board to 21 members, the above actions formerly subject to the approval of the Newco Members will be added to the following actions which require a supermajority vote of the Newco directors (the vote of 10 directors prior to the expansion of the Newco Board of Directors, and 14 directors thereafter):

- (1) Election and removal of the Newco CEO.
- (2) Approval of consolidated annual operating and capital budgets of Newco.
- (3) Approval of the initial strategic plan of Newco.
- (4) Approval of capital expenditures in excess of \$20 million.
- (5) Approval of incurrence of debt or pledges of assets in excess of \$20 million.
- (6) Approval of entering into a joint venture with a financial commitment in excess of \$20 million.
- (7) Approval of acquisition or disposition of a "material subsidiary" of Newco.
- (8) Removal with or without cause of a System A Director or a System B Director.

Newco will not pay to any party a purchase price, and no voting securities will be issued in connection with the proposed integration of System A and System B into Newco, and neither party shall be able to trigger a unilateral withdrawal, sale, merger, change of sponsorship or other disposition of assets or dissolution of assets of or from Newco.

Please confirm that neither Newco nor System A nor System B is required to file HSR Premerger Notification with respect to the above transaction.

Thank you for your review of this transaction.

Sincerely,

