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This material may be withheld
the [redacted] [redacted]
[redacted] [redacted]
[redacted] [redacted]
President of International [redacted]

June 20, 1988

Mr. Wayne Kaplan
Bureau of Competition
Federal Trade Commission
Sixth Street and Pennsylvania Avenue, N.W.
Washington, DC 20580

Dear Mr. Kaplan:

Pursuant to our telephone conversation of June 10, this letter sets forth the advice you provided us concerning the availability of an exemption from the filing requirements imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, 15 USC § 18a (the "Act"), in connection with the proposed transaction described below.

Our client, P, is a nonprofit corporation that provides hospital services. P is the sole member of [redacted] a nonprofit corporation that operates as a health maintenance organization. P and [redacted] hereafter collectively referred to as "P") have annual sales and net assets of over \$100 million.

In the proposed transaction, P will acquire certain assets from two related sellers: S, a for profit corporation that provides hospital services; and [redacted] a for profit corporation that operates as a health maintenance organization. Certain of the obligations will be guaranteed by [redacted] a partnership affiliated with S and [redacted]. Although it does not appear that S, [redacted] and [redacted] could be considered a single "person" under the Act, we will assume they are a single person for purposes of this letter. S, [redacted] and [redacted] (hereafter collectively referred to as "S") have net assets of over \$10 million.

In the transaction, P will acquire assets from S for a purchase price of \$9.4 million. S will retain certain assets after the completion of the transaction, but P will acquire more than 15 percent of S's total assets. P also will assume certain executory contracts of S, but will not assume any other liabilities as consideration for the purchase. P will lease certain

[redacted]

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office space from S following the transaction for a period of five years, with options to renew for three additional years.

The purchase price for the assets was negotiated between the parties at arm's length. P will acquire only assets from S, and will not acquire any voting securities.

Based upon the foregoing summary, you advised us that the proposed transaction is exempt from the Act's filing requirements by virtue of 16 CFR § 802.20, which provides:

"An acquisition which would be subject to the requirements of the Act and which satisfies Section 7A(a)(3)(A), but which does not satisfy Section 7A(a)(3)(B), shall be exempt from the requirements of the Act if as a result of the acquisition the acquiring person would not hold:

"(a) Assets of the acquired person valued at more than \$15 million; or

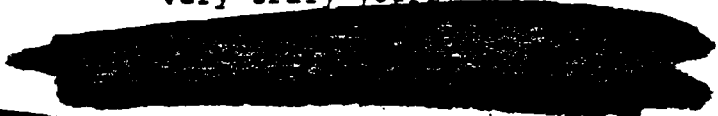

"(b) Voting securities which confer control of an issuer which, together with all entities which it controls, has annual net sales or total assets of \$25 million or more."

As a result of the proposed transaction, P will hold assets of the acquired person valued (by virtue of the acquisition price) at less than \$15 million. Accordingly, Section 802.20 exempts the acquisition from the notification requirements.

For the reasons stated above, we understand that the proposed transaction is exempt from the requirements of the Act. If this understanding is incorrect, please contact the undersigned at the number listed above. If we have not heard from you within two weeks of the date of this letter, we will assume the letter correctly states your position.

Thank you for your courtesy and assistance.

Very truly yours



O.K. Wayne Kaplan
6-23-88