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June 28, 1995

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VIA HAND DELIVERY

Mr. John M. Sipple, Jr.
Assistant Director
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
6th & Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Dear John:

Two not-for-profit [redacted] corporations have proposed the joint operation of certain [redacted] related businesses. This would involve the formation of two not-for-profit corporations, one of which would manage a single [redacted] and related operations. The parties do not believe that the proposed transaction is reportable under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, 15 U.S.C. § 18a ("HSR Act"). However, the parties would like to confirm their assessment with your office.

A is a not-for-profit [redacted] corporation and sole statutory member of a not-for-profit [redacted] located in City X. A's sole statutory member is a not-for-profit corporation which conducts operations in five states. A has more than \$100 million in total assets.

B is a not-for-profit [redacted] corporation whose sole statutory members are individuals appointed to a self-perpetuating board. B is the owner and operator of an [redacted] located in City Y [redacted]"). B has assets in excess of \$10 million and City Y is located approximately 50 miles from City X.

A and B propose to organize two new not-for-profit corporations. Newco I will become the sole statutory member of [redacted] B while A and Newco II will be the only statutory members of Newco I. The members of Newco II will be individuals serving on a self-perpetuating Board. The initial Newco II Board

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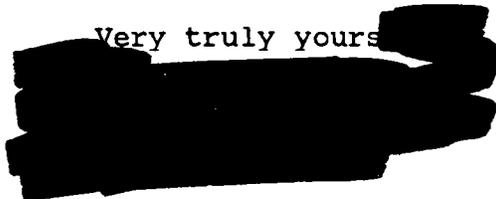


will be the individuals who currently comprise B's Board. The constituent organizational documents of Newco I will provide for a board of trustees consisting of seven persons. Three of the trustees will be chosen by A and three by Newco II. The seventh board member will also serve as President of Newco I and will be selected by Newco I's Board.

The certificate of incorporation of Newco I will provide that upon any dissolution of Newco I, the net distributable assets of Newco I, if any, in an amount equal to the net asset value of [redacted] B at the time of the affiliation, are to be distributed to a not-for-profit corporation situated in City X. The balance of any such net assets, if any, are to be distributed equally to A and Newco II. Each of A, A's sole statutory member and [redacted] B are, and Newco I and Newco II, will be, exempt from federal taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended, as a result of being an organization described in Section 501(c)(3) of such code.

A and B are of the view that the proposed transactions described above are not reportable under the Act, but desire to have their conclusion confirmed by the Premerger Notification Office. Please call me once you have reviewed this letter.

Very truly yours



7/14/95 - Enclosed letter that it is the view of the PMO office that the provisions of non-profit Newco I and Newco II are exempt from reporting requirements under Section 1363 and they do not issue voting stock.