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November 25, 2003

Richard F. Seiden, Esq.
Foley & Lardner
2029 Century Park East, Suite 3500
Los Angeles, California 90067-3021

RE: Vista Hospitals Transaction

Dear Mr. Seiden:

The Attorney General hereby consents, pursuant to Corporations Code section 5915, to the sale of Corona Regional Medical Center, Arroyo Grande Community Hospital and French Hospital Medical Center by Vista Hospitals Systems, Inc. and French Hospital Medical Center (Vista) to Universal Health Services, Inc., a Delaware for-profit corporation. The Attorney General's consent is subject to the attached conditions, which are incorporated by reference herein.

Corporations Code section 5917 and section 999.5, subdivision (f) of title 11 of the California Code of Regulations set forth factors that the Attorney General must consider in determining whether to consent to a transaction between a nonprofit corporation and a for-profit entity. The Attorney General has reached the following conclusions regarding these factors:

- (1) The terms and conditions of the transaction are fair and reasonable to Vista.
- (2) The transaction will not result in private inurement to any private person or entity. None of the officers or directors of Vista have a material financial interest in the transaction.
- (3) The transaction is subject to approval by the United States Bankruptcy Court for the Central District of California. The bankruptcy proceeding will ensure that the purchase price for the hospitals is at fair market value.

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(4) The parties to the transaction have not manipulated the market value of the Vista assets in a manner that causes the value of the assets to decrease.

(5) Under the direction of the bankruptcy court, the transaction proceeds will be used to pay creditors of Vista and such other claims as are provided for in the Bankruptcy Code. These payments are a proper use of charitable trust assets. After these payments have been made, it is unlikely that any transaction proceeds will remain for charitable purposes..

(6) The transaction, as conditioned, will not have any immediate adverse effect on the availability and accessibility of health care services in the service areas of the hospitals.

(7) The transaction, as conditioned, will not have a significant anti-competitive effect on healthcare services in the relevant geographic market.

(8) Sufficient information has been provided to the Attorney General for an adequate evaluation of the transaction and its effects on the public.

(9) The transaction is in the public interest.

Thank you for your cooperation and that of your client and the purchaser throughout the review process.

Sincerely,

MARK J. URBAN
Deputy Attorney General

For **BILL LOCKYER**
Attorney General

MJU:mb

Attachment