



ROBERT J. ANTHONY, ESQ.

direct dial: 860-509-6517  
e-mail: rantonio@brownrudnick.com

<http://www.brownrudnick.com>

CityPlace I  
185 Asylum  
Street  
Hartford  
Connecticut  
06103  
tel: 860.509.6500  
fax: 860.509.6501

August 31, 2011

**VIA FACSIMILE AND U.S. MAIL**

The Honorable George C. Jepsen  
Attorney General  
State of Connecticut  
55 Elm Street  
Hartford, CT 06141

RE: In re Saint Mary's Health System, Inc. -- Application

Dear Attorney General Jepsen:

I am in receipt of your letter dated August 26, 2011 in which you refer to Greater Waterbury Health Network's ("GWHN") recent announcement of its intent to join the proposed joint venture negotiated between Saint Mary's Health System, Inc. ("Saint Mary's") and LHP Hospital Group, Inc. ("LHP"). You asked about the effect, if any, this development might have on Saint Mary's and LHP's pending application (the "Application").

It is important to understand that the two proposals contemplate separate and distinct transactions and at the current time must be evaluated independently of each other. Saint Mary's and LHP are seeking approval to form a joint venture to own and operate Saint Mary's Hospital and its related facilities. Saint Mary's and LHP have completed due diligence and have negotiated and finalized definitive agreements and they now await regulatory approval. Once the Application is approved, Saint Mary's will own 20% of the joint venture and LHP will own 80% and both will share governance over the operation of Saint Mary's Hospital, all as described in the Application. It is this joint venture, once approved, into which GWHN proposes to merge.

The Application currently under review does not involve GWHN and is not conditioned or dependent on securing an arrangement that includes GWHN. Thus, it is a separate and independent process and will not be affected by, nor does the Application need to be altered or revised (nor the fairness opinion rendered by Morgan Keegan & Company), as a result of GWHN's announcement and the signing of a non-binding letter of intent among the parties. A proposal to include GWHN in the joint venture will involve a separate application and should be evaluated based on the information contained in that application. As noted, at the current time only a non-binding letter of intent among the parties exists. Due diligence must be conducted and definitive agreements still must be negotiated and completed. In addition, complex issues involving GWHN joining the proposed joint venture need to be carefully considered and resolved, including for example, a variety of regulatory matters, labor relations/employee

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matters, compliance with Catholic directives and canonical approvals, and the location and plans for a new hospital, to name a few. Resolving these issues will take time, but assuming that all of the details are worked out, an application will be filed as expeditiously as possible with your office and the Office of Health Care Access.

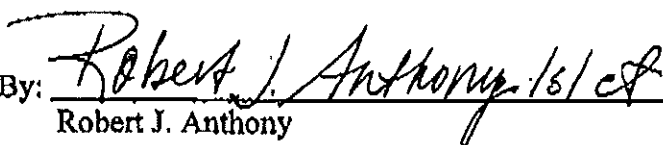
This future application will seek approval to modify the structure of the two-way joint venture between Saint Mary's and LHP as proposed in the Application as well as approval to build a new hospital (among several other requests). It will also include fairness opinions from the joint venture (and/or Saint Mary's, as appropriate) and GWHN based on an evaluation of the particular proposal in that application. If approved, ownership of the joint venture is proposed to change from 80% LHP / 20% Saint Mary's to 80% LHP / 10% Saint Mary's / 10% GWHN with shared governance, and the joint venture will own and operate a new hospital that will include Saint Mary's Hospital, Waterbury Hospital and all of their respective facilities.

I appreciate the questions raised in your letter and hope that I've helped clarify any confusion. Please contact me if you have additional questions or if I can be of any further assistance.

Thank you for your continued cooperation in processing the Application.

Very truly yours,

**BROWN RUDNICK LLP**

By:   
Robert J. Anthony

RJA:ct

cc: Gary W. Hawes, Assistant Attorney General, OAG  
Kimberly Martone, Director of Operations, OHCA  
Steven Lazarus, Associate Healthcare Analyst, OHCA  
Rebecca Hurley, General Counsel, LHP Hospital Group

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