



STATE OF CALIFORNIA
OFFICE OF THE ATTORNEY GENERAL
JAMES M. HUMES
CHIEF DEPUTY ATTORNEY GENERAL

July 11, 2007

Mr. Steven M. Ruskin
Morgan, Lewis & Bockius LLP
300 South Grand Avenue, 22nd Floor
Los Angeles, CA 90071-3131

Re: Proposed Sale of Anaheim Memorial Medical Center

Dear Mr. Ruskin:

The Office of the Attorney General hereby denies consent to the sale of Anaheim Memorial Medical Center (Anaheim) to Prime Healthcare Services Inc. and its related entities (Prime) as described in the Notice filed on March 22, 2007. It does so under the authority set forth in Corporations Code section 5914 et seq.

In coming to this decision, we have carefully considered the factors set forth in Corporations Code section 5917. At this time, we are unable to conclude that the section 5917 factors have been satisfied, specifically that the sale is fair to Anaheim, reflects fair market value, contains a market value that has not been influenced by the parties, and is consistent with the public interest.

Our decision is based on the material contained in the notice, the results of our investigation, the reports of our consultants and advisors, and comments received from the public, the parties, and potential alternative bidders. This information reveals that some potential alternative bidders indicated a tentative willingness to pay substantially more for Anaheim than was offered by Prime. These bidders failed to fully develop or withdrew a bid, or their bid was rejected by Anaheim, for reasons that are uncertain or disputed. In addition, the evidence suggests that potential bidders may have been treated differently and did not have equal access to relevant information.

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Under these circumstances, we cannot approve the sale to Prime at this time. We take no position as to whether we would consent to a sale under similar terms if it were to emerge from a bidding process that we could determine was open, fair, and transparent.

Sincerely,

JAMES M. HUMES
Chief Deputy Attorney General

cc: Michael Sarrao