

January 14, 2008

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**VIA FACSIMILE  
AND FIRST CLASS MAIL**

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RE: In the Matter of the Sale of Rockdale Medical Center from the Hospital Authority of Rockdale County and Rockdale Medical Center, Inc., as Sellers, to Signature Rockdale Holdings, LLC, as Purchaser, Office of the Attorney General, State of Georgia, No. AG 07-01

Dear Messrs. Spell, Pless, Burks, Ms. Luke and Ms. French:

As the parties are aware, immediately prior to the December 14, 2007 deadline for issuance of the Report of Findings in this matter, Counsel for Purchaser communicated to the Hearing Officer that Purchaser would be proposing a modification to the consideration to be paid for the Hospital assets, but that the parties were still in negotiations concerning the proposal. In the Hearing Officer's letter of December 14, 2007, the time for issuing the Report of Findings in this matter was extended until January 14, 2008, to give the parties an opportunity to report on the status of the proposed transaction.

Since that time, the Hearing Officer has received joint written notification from counsel for Sellers and counsel for Purchaser of a non-binding but agreed-upon modification to

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the proposed transaction. In summary, the parties propose to modify the way the purchase price is to be paid. While we have not yet received the actual documents relating to the modification, we understand from the parties' non-binding terms for discussion provided to this office that the total purchase price would remain the same. Purchaser would pay \$62.7 million in cash and the remainder with a \$25 million note. The note would bear interest at a floating market rate—the one-month London Inter-Bank Offered Rate (LIBOR) plus basis points ranging from 550 to 575, calculated quarterly, with a ceiling of 10.25%. Principal and interest on the note would be due in a lump sum 5 years after the closing. Second mortgages on Rockdale Medical Center and three other hospitals owned by Purchaser in other states would secure the note.

Copies of the parties' joint correspondence, dated December 21, 2007, and January 14, 2008, are attached. The parties have attached to the January 14, 2008 correspondence a list of the documents and information that the parties intend to submit in a Third Supplemental Notice to Attorney General, plus additional materials if necessary. The parties expect to submit the supplemental materials described on the list no later than Friday, January 18, 2008.

The parties have further requested that an additional public hearing be held, at the earliest practical date, concerning the modification to the proposed transaction. It is anticipated that the additional public hearing will be held at some time during the first two full weeks in February 2008, depending on the availability of the site, the actual date of the supplemental filing and the preparation time required for the State's consultant. The parties have further tentatively agreed to be responsible for the fees and expenses of conducting the requested additional hearing, including the cost of the legal notice, the hearing logistics (e.g., room and sound system), the court reporter fees, the transcript and also for the fees and expenses which are incurred by the financial consultant(s) retained by the Attorney General for their time attributed to travel and testifying at the additional hearing. The parties shall allocate by agreement amongst themselves the manner in which the State's hearing costs and expenses shall be paid, and shall, at the time of the supplemental filing, notify the Hearing Officer of the arrangements.

Notice of the proposed modification and of the specific date, time and place for the additional public hearing, once established, shall be given in conformance with the Hospital Acquisition Act. Since the Hearing Officer will be unable to issue a Report of Findings until the supplemental filing is received and reviewed, the additional public hearing is held and the additional public comment is considered, the time for issuing the Report of Findings is hereby extended, pursuant to O.C.G.A. § 31-7-407.1, and the Report of Findings in this matter shall be issued within 30 days from the date that the additional hearing is actually conducted, assuming that the parties elect to proceed with the transaction and its modification as proposed.

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Thank you for your assistance in this matter.

Sincerely yours,

RAY O. LERER  
Deputy Attorney General  
Hearing Officer

Enclosure

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