ARIZONA CORPORATION COMMISSION

SECURITIES DIVISION
1300 West Washington
Third Floor
TELEPHONE: (602) 542-4242
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May 25, 1995

James W. Zeeb, Esq.
Hecker, Phillips & Zeeb
Rockwell Building
405 West Franklin Street
Tucson, Arizona 85701

RE: HealthPartners of Arizona, Inc.
A.R.S. § 44-1844(A)(6)

Dear Mr. Zeeb:

On the basis of the facts set forth in your letter of May 16, 1995, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona (the "Act") should the transaction take place as set forth in your letter.

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

DEE RIDDELL HARRIS
Director of Securities

DRH:lb
Attachment

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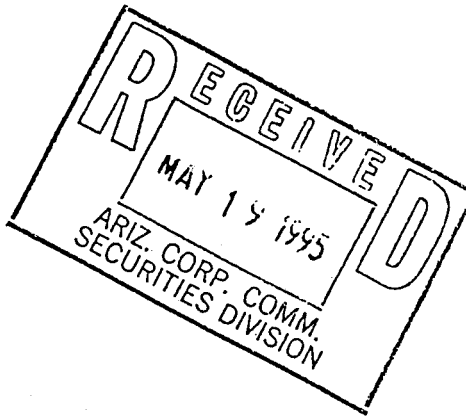
May 16, 1995



VIA FAX (602) 542-3583 and REGULAR MAIL

Dee R. Harris
Director, Securities Division
ARIZONA CORPORATION COMMISSION
1300 W. Washington St., 3rd Floor
Phoenix, AZ 85007

Re: Merger of Healthways, Inc., Samaritan Group, Inc. and Southern Arizona Independent Physicians, Inc. into HealthPartners of Arizona, Inc.

Dear Mr. Harris:

This letter is written on behalf of HealthPartners of Arizona, Inc., an Arizona corporation (the "Surviving Company"). We hereby respectfully request that the Arizona Corporation Commission issue a "no-action letter" or similar interpretative opinion confirming the Acquiring Company's exemption pursuant to Section 44-1844(A)(6) of the Securities Act of Arizona (the "Act") for the issuance of its Class A common stock, no par value per share, and Class B common stock, $5.00 per share par value (collectively, the "Common Stock"), in connection with the proposed merger (the "Merger") of Healthways, Inc. ("Company A"), Samaritan Group, Inc. ("Company B") and Southern Arizona Independent Physicians, Inc. ("Company C", and collectively with Company A and Company B, the "Acquired Companies") into the Surviving Company. The Merger will be accomplished pursuant to the terms of an Agreement and Plan of Merger (the "Plan of Merger").

1. Statement of Facts.

Company C presently owns 41,859 shares in Company A, which represents ten percent (10%) of the outstanding shares of common stock in Company A. Tucson Medical Center, an Arizona nonprofit corporation ("Company D"), holds the balance of the stock in the Company A. Company B is a wholly-owned subsidiary of Samaritan Health Systems, an Arizona nonprofit corporation ("Company E").

Under the Plan of Merger, the Acquiring Company will issue Class A and Class B common stock in the Acquiring Company (the "Subject Stock") to the former shareholders of the Acquired Companies, based upon a formula set forth in the Plan of Merger. The allocation of the Subject Stock between Company C and Company D will be determined pursuant to a separate transaction agreement between those two companies (the "Transaction Agreement"). Currently, there are no shares outstanding in the Surviving Company. Upon consummation of the Merger, the sole shareholders of the Acquiring Company will be Company D, Company E, and the shareholders of Company C.

The Plan of Merger provides that the Merger is contingent on the following conditions being met:

(a) All Company C shareholders and their spouses, and any other third parties with any right in the shares of such shareholders, must consent in writing to the Merger.

(b) The respective boards of directors of the Acquiring Company and the Acquired Companies approve the Plan of Merger and the transactions contemplated thereby.

(c) All Company C shareholders/spouses must sign (i) the Transaction Agreement, within which are the terms of an Irrevocable Voting Trust Agreement and a Buy-Sell Agreement, and (ii) a Shareholders Agreement to be executed by all of the shareholders of the Acquiring Company.

(d) As of the date of the closing of the Merger, there shall be no pending or threatened material litigation or governmental investigation involving any of the parties to the Merger.

(e) The representations and warranties of the parties contained in the Plan of Merger shall be all true and correct in all material respects as of the date of the closing of the Merger.

(f) The parties to the Plan of Merger shall have complied with all the agreements, covenants and conditions required by the Plan of Merger to be performed or complied with prior to or at the Closing.

(g) There shall not have occurred any material adverse change since December 31, 1994 in the financial condition of Company C.

The Plan of Merger has been approved by Company C and Company D in their capacities as the sole shareholders of Company A, as well as by Company E, in its capacity as the sole shareholder of Company B. As noted above, the consent of all of the shareholders of Company C is required as a condition of the Merger. In the event that the parties to the Merger agree to waive the requirement of unanimous consent of Company C shareholders, approval of the Merger by the Company C shareholders pursuant to A.R.S. Section 10-073 will still be required.

2. Conclusion.

Based on the foregoing and our interpretation of the Act, we have concluded, and hereby request an interpretive opinion or no-action determination confirming, that:

1. The issuance of the Acquiring Company's stock in connection with the Merger falls within an exemption from registration of securities under the Act pursuant to Section 44-1834(A)(6) for "[a]ny transaction or series of transactions . . . incident to a statutory . . . merger . . . incident to a vote by security holders pursuant to Articles of Incorporation, the applicable corporate statute or other controlling statute."

2. The Acquiring Company and its officers, directors and employees are not required to be registered as dealers or salesmen under the Act because the Acquiring Company's stock to be issued in connection with the Merger falls within an exemption from registration of dealers and salesmen pursuant to Section 44-1834(a)(6). In addition, the Acquiring Company is not required to file a consent to service of process under Section 44-1863 of the Act in connection with the Merger.

Enclosed for your information are copies of the Plan of Merger, the Transaction Agreement and the Shareholders Agreement.

If for any reason you do not concur in any of the views set forth herein, we respectfully request the opportunity to discuss the matter with you before you issue any written response. The Merger is scheduled to close no later than June 1, 1995.

Consequently, we would appreciate a response to this request at the earliest possible time. We have enclosed are firm check in the amount of $200.00 as payment for the request fee.

Very truly yours,

HECKER, PHILLIPS & ZEEB

James W. Zeeb

JWZ:tlj

Enclosure