

GALLAND, KHARASCH, MORSE & GARFINKLE, P. C.

CANAL SQUARE

1054 THIRTY-FIRST STREET, N. W.

WASHINGTON, D. C. 20007-4492

(202) 342-5200

TELEX: 89 2520 (WU)

440297 (ITT)

TELECOPY: (202) 342-5219

(202) 337-8787

ROBERT H. MORSE
MORRIS R. GARFINKLE
EDWARD D. GREENBERG
MARK S. KAHAN
SUSAN B. JOLLIE
ANDREW B. SACKS
DAVID K. MONROE
DAVID P. STREET
MARK W. ATWOOD
ROBERT W. KNEISLEY
GERALD SEIFERT*
STEVEN JOHN FELLMAN
ROBERT D. ROSEMAN
JEFFREY K. KOMINER
CHARLES H. WHITE, JR.
KEITH G. SWIRSKY
ANTHONY J. McMAHON
F. WILLIAM CAPLE
ANITA M. MOSNER

ROBERT N. KHARASCH
OF COUNSEL

June 23, 1994

WILLIAM E. KLAWONN
ANDREW T. GOODSON
ERIC N. MILLER
PETER J. PETESCH
DONALD H. MEIERS
JOEL E. LAIKS
RICHARD BAR
GREGORY P. CIRILLO
DANIEL B. HASSETT
GEORGE D. NOVAK, II*
SUSAN M. KLIMEK
CYNTHIA C. CRAWFORD
HOLLY HAMILTON
XIANPING WANG*
MARK N. FARMER*
MICHAEL R. CARITHERS, JR.
KATHERINE M. ALDRICH
CAROLE A. FRERET
JAMIE PALTER RENNERT
SCOTT A. MOREHOUSE*
JENNIFER A. COHN*

*NOT ADMITTED IN D.C.

SAMUEL W. FAIRCHILD
GKMG CONSULTING SERVICES

WRITER'S DIRECT DIAL NUMBER

(202) 342-5200

VIA HAND DELIVERY

Honorable Anne Bingaman
Assistant Attorney General
Antitrust Division
U.S. Department of Justice
10th & Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Re: Request for Business Review - Proposed
Orthotics and Prosthetics Network

Dear Assistant Attorney General Bingaman:

Hanger Orthopedic Group, Inc. ("Hanger"), respectfully requests the response of the Antitrust Division, pursuant to the Business Review Procedure established in 28 CFR Section 50.6 with respect to the Antitrust Division's current enforcement intentions regarding the proposed conduct of Hanger as described in the enclosed materials.

Hanger proposes to create a provider network consisting of clinical orthotic and prosthetic ("O&P") facilities in a number of local geographic markets throughout the United States (the "Network"). The clinical O&P facilities participating in the Network would include both O&P facilities owned by Hanger ("Hanger O&P Facilities") and O&P facilities owned by persons or entities unrelated to Hanger ("Independent O&P Facilities"). The Network would be formed for the purpose of increasing the ability of such facilities to compete for provider contracts with

GALLAND, KHARASCH, MORSE & GARFINKLE, P.C.

Honorable Anne Bingaman

June 23, 1994

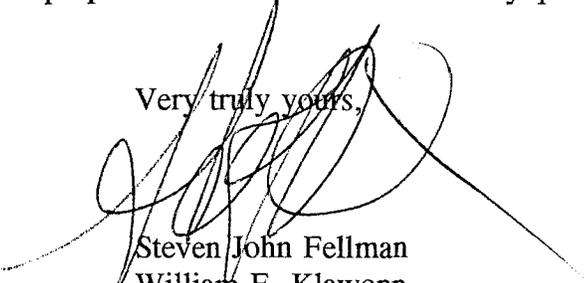
Page 2

national, regional and local third-party payer organizations regarding the delivery of high quality orthotic and prosthetic devices and services to the subscribers/beneficiaries of health plans operated by such third party payers. The Network will be organized and operated in a manner intended to offer competitive prices through volume-related efficiencies and centralized negotiation and administration of such third party payer contracts.

Enclosed is a document entitled "Summary Description of Proposed Network of Orthotics and Prosthetics Providers," which describes in more detail the proposed organization and operation of the Network. Also enclosed is a draft of a proposed Network Agreement, intended to form the contractual basis of the relationship between Hanger and each Independent O&P Facility electing to join the proposed Network.

After you have reviewed the enclosed, we would welcome the opportunity to meet with you or a member of your staff to discuss the proposed Network and to answer any questions you may have.

Very truly yours,



Steven John Fellman
William E. Klawonn

Enclosures