

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

ARKANSAS PREFERRED PROVIDER
ORGANIZATION, INC.

ORDER PROVIDING A WAIVER
OF CERTAIN PROVISIONS OF THE
EXEMPTION PURSUANT TO ARK.
CODE ANN. §23-42-504(a)(9)
NO. 03-80004433-OR056

FINDINGS OF FACT

1. On June 23, 2003, a letter was received by the Arkansas Securities Commissioner requesting that the proposed sale of common stock (the "Stock") in Arkansas Preferred Provider Organization, Inc. (the "Company") to participating physicians or their professional corporations, participating hospitals and Jefferson Hospital Association (the "Transaction") be determined to be an exempt transaction pursuant to Ark. Code Ann. §23-42-504(a)(9).
2. The Company, an Arkansas corporation, is engaged in the business of providing alternative delivery systems for medical care in the Southeast Arkansas Service Area of the Company (presently Jefferson, Arkansas, Grant, Bradley, Drew, Desha, Chicot, Lincoln, Ashley, Cleveland and Dallas Counties).
3. The Company filed a proof of exemption pursuant to Ark. Code Ann. §23-42-504(a)(9) and Rule 504.01(A)(9) of the Rules of the Arkansas Securities Commissioner (the "Rules").

4. Pursuant to Ark. Code Ann. §23-42-504(a)(9)(B), the Company has requested a waiver of the number of purchasers permitted due to the fact that the purchasers are physicians and hospitals who are current participating providers in good standing with the Company. The Company will not sell Stock to more than one hundred (100) unaccredited purchasers.

CONCLUSIONS OF LAW

1. Pursuant to Ark. Code Ann. §23-42-504(a)(9)(B), the Commissioner may by rule or order, as to any security or transaction increase or decrease the number of purchasers permitted.
2. It is not necessary or appropriate in the public interest for the protection of investors for the Company to be required to register the Transaction under the Act for the purposes of the contemplated offering.

OPINION

In recognition of the representations made by the Company, it appears registration of this Transaction is unnecessary in this instance.

This order does not exempt the Company from the antifraud provisions of the Act.

ORDER

IT IS THEREFORE ORDERED that any Stock of Arkansas Preferred Provider Organization, Inc. offered or sold in Arkansas for the proposed Transaction, if offered and sold in compliance with the representations made in the letter of June 19, 2003, and in accordance with the Findings of Fact stated herein, shall be exempted from Sections 23-42-501 and 23-42-502 of the Act.

WITNESS MY HAND AND SEAL this 10th day of July 2003.

A handwritten signature in black ink, appearing to read "M. Johnson". The signature is stylized with a large, looped initial "M" and a cursive "Johnson".

MICHAEL B. JOHNSON
ARKANSAS SECURITIES COMMISSIONER