LIMITED OFFERING MEMORANDUM

NEW ISSUES – BOOK-ENTRY ONLY

Ratings†
Fitch: AA+
Standard & Poor's: AA
Moody's: Aa2

$155,630,000 REVENUE BONDS, SERIES 2006
(Ascension Health Senior Credit Group)

Dated: Date of Delivery **Due: Due: November 15, as shown herein.**

The Series 2006 Bonds consist of four separate Series and are being issued as indexed put bonds in the principal amounts and with the maturity dates shown on the succeeding pages. The Series 2006 Bonds are special and limited obligations of the respective Issuers described on the succeeding pages, and are payable solely from and secured exclusively by payments, revenues and other amounts pledged under the related Bond Indentures, including payments to be made by Ascension Health under the related Loan Agreements, and payments to be made by the Senior Obligated Group Members on the related Series 2006 Senior Obligations to be issued by Ascension Health, as Senior Credit Group Representative, under the Senior Master Trust Indenture.

From and including the date of delivery to and including November 3, 2016, each Series of the Series 2006 Bonds will bear interest at an Indexed Put Rate, as further described in this Limited Offering Memorandum. Thereafter, at the election of Ascension Health, any Series of the Series 2006 Bonds may continue to bear interest in an Indexed Put Interest Rate Period at an Indexed Put Rate, or in another Interest Rate Period.

The Series 2006 Bonds are subject to optional, extraordinary and mandatory redemption prior to maturity, to mandatory tender on the dates and under the circumstances described herein and, during an Indexed Put Interest Rate Period, to mandatory purchase and purchase upon the occurrence of an Extraordinary Purchase Event, all as described herein.

The Series 2006 Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company or DTC, New York, New York. Individual purchases of the Series 2006 Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the Series 2006 Bonds will be payable by the Bond Trustee for each Series of the Series 2006 Bonds to the registered owners, which will be Cede & Co. as long as DTC is the Securities Depository. Subsequent disbursements of principal, premium and interest will be made by Participants in DTC to the Beneficial Owners of the Series 2006 Bonds.

While in an Indexed Put Interest Rate Period, the Series 2006 Bonds will be issued in the denomination of $100,000 or any integral multiple of $5,000 in excess of $100,000 thereof.

Interest on the Series 2006 Bonds bearing interest at an Indexed Put Rate will be payable on the first Thursday of each calendar month (or the next succeeding Indexed Put Bond Business Day if such Thursday is not an Indexed Put Bond Business Day). Principal and the Purchase Price of and premium, if any, and interest on the Series 2006 Bonds will be payable in the manner described in this Limited Offering Memorandum.

THE SERIES 2006 BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OF ANY ISSUER, THE STATES OF ALABAMA OR INDIANA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE PROVISIONS OF THE CONSTITUTION OR STATUTES OF THESE STATES OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUERS, THESE STATES OR ANY POLITICAL SUBDIVISION THEREOF. THE HOLDERS OF THE SERIES 2006 BONDS ARE NOT GRANTED ANY RIGHT TO HAVE THE ISSUERS, THESE STATES OR ANY POLITICAL SUBDIVISION THEREOF LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL THEREOF OR THE INTEREST OR ANY PREMIUM ON THE SERIES 2006 BONDS. THE ISSUERS HAVE NO TAXING POWER.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2006 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, except that no opinion is expressed as to the status of interest on any Series 2006 Bond if and to the extent that such Series 2006 Bond is held by a Swap Counterparty Affiliate. In the further opinion of Bond Counsel, interest on the Series 2006 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2006 Bonds. See the heading ***"TAX MATTERS"*** *herein for a more detailed discussion of some of the federal income tax consequences of owning the Series 2006 Bonds and for the opinion of Bond Counsel relating to the status of interest on the Series 2006 Bonds under the laws of the States of Alabama and Indiana.*

This cover page contains information for general reference only. gIt is not intended as a summary of this transaction. Investors are advised to read the entire Limited Offering Memorandum to obtain information essential to making an informed investment decision.

MATURITY DATES, PRINCIPAL AMOUNTS,
INITIAL INDEXED PUT DATES AND PRICES
(See succeeding pages)

Each Series of the Series 2006 Bonds is offered when, as and if issued by the respective Issuer and received by the Placement Agent, subject to prior sale and to the approval of legality by the counsel described herein under the caption "APPROVAL OF LEGALITY." It is expected that Series 2006 Bonds in definitive forms will be available for delivery to DTC in New York, New York, on or about November 16, 2006.

Morgan Stanley
(Placement Agent)

November 15, 2006

†For Ratings, see the caption "RATINGS" herein.

This Limited Offering Memorandum does not constitute an offer to sell the Series 2006 Bonds or the solicitation of an offer to buy, nor shall there be any sale of the Series 2006 Bonds by any person in any state or other jurisdiction to any person to whom it is unlawful to make an offer, solicitation or sale in that state or jurisdiction. No dealer, salesman or any other person has been authorized to give any information or to make any representation other than those contained in this Limited Offering Memorandum in connection with the offering of the Series 2006 Bonds and, if given or made, that information or representation must not be relied upon.

The information set forth under the caption, **"THE ISSUERS"** has been furnished by the respective Issuers. The information set forth in **APPENDIX G** has been furnished by DTC. All other information in this Limited Offering Memorandum has been obtained from Ascension Health and other sources that are believed to be reliable, but is not to be construed as a representation of the Placement Agent. The information and expressions of opinion in this Limited Offering Memorandum are subject to change without notice, and neither the delivery of this Limited Offering Memorandum, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Issuers, DTC, Ascension Health or the other Senior Credit Group Members since the date of this Limited Offering Memorandum.

The Issuers have not prepared or assisted in the preparation of this Limited Offering Memorandum, including any financial information included or attached and, except for the information contained under the caption **"THE ISSUERS,"** the Issuers are not responsible for any statements made in this Limited Offering Memorandum. Accordingly, the Issuers disclaim responsibility for the disclosures set forth in this Limited Offering Memorandum or otherwise made in connection with the offer, sale and distribution of the Series 2006 Bonds.

The CUSIP numbers are included in this Limited Offering Memorandum for the convenience of the Holders and potential Holders of the Series 2006 Bonds. No assurance can be given that the CUSIP numbers for a particular Series of Series 2006 Bonds will remain the same after the date of issuance and delivery of the Series 2006 Bonds.

CAUTIONARY STATEMENTS REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute projections or estimates of future events, generally known as forward-looking statements. These statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. These forward-looking statements include, among others, the information under the caption **"BONDHOLDERS' RISKS"** in the forepart of this Limited Offering Memorandum and the information under the captions **"CHANGES TO THE COMPOSITION OF THE SENIOR CREDIT GROUP," "FINANCIAL AND OPERATING INFORMATION - Indebtedness and Certain Liabilities," " - Liquidity; Investment Policies and Income," " – Pension Plans," " – Physician Practices," " – Management's Discussion of Financial Performance"** and **"CORPORATE STRUCTURE AND MANAGEMENT – Regulatory Reviews"** in **APPENDIX A** to this Limited Offering Memorandum.

The achievement of certain results or other expectations contained in these forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performances or achievements described to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Neither Ascension Health nor the other Senior Credit Group Members plan to issue any updates or revisions to those forward-looking statements if or when changes in their expectations, or events, conditions or circumstances on which these statements are based occur.

Ascension Health Senior Credit Group
Series 2006 Revenue Bonds
$155,630,000

MATURITY DATES, PRINCIPAL AMOUNTS, INITIAL INDEXED PUT DATE AND PRICES

$120,630,000
Indiana Health and Educational Facility Financing Authority
Revenue Bonds
(Ascension Health Senior Credit Group)
Series 2006B-1, 2006B-7 and 2006B-8

Series Designation	Maturity Date (November 15)	Principal Amount	Initial Indexed Put Date	Price	CUSIP†
2006B-1	2046	$40,220,000	November 3, 2016	100.000	454795BS3
2006B-7	2046	40,205,000	November 3, 2016	100.000	454795BW4
2006B-8	2046	40,205,000	November 3, 2016	100.000	454795BX2

$35,000,000
Alabama Special Care Facilities Financing Authority of Birmingham
Revenue Bonds
(Ascension Health Senior Credit Group)
Series 2006C-1

Series Designation	Maturity Date (November 15)	Principal Amount	Initial Indexed Put Date	Price	CUSIP†
2006C-1	2046	$35,000,000	November 3, 2016	100.000	010399BW2

†Copyright 2006, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers are provided for convenience and reference only.

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LIMITED OFFERING MEMORANDUM

$155,630,000
Revenue Bonds
(Ascension Health Senior Credit Group)
Series 2006

INTRODUCTION

General

This Limited Offering Memorandum, including the cover page, the pages immediately following the cover page and Appendices hereto, is provided to furnish information with respect to the sale and delivery by the Issuers of the following Series 2006 Bonds:

- $120,630,000 Indiana Health and Educational Facility Financing Authority Revenue Bonds (Ascension Health Senior Credit Group), consisting of Series 2006B-1 issued in an aggregate principal amount of $40,220,000 and Series 2006B-7 and Series 2006B-8, each issued in an aggregate principal amount of $40,205,000 (referred to collectively as the Series 2006B Bonds)

- $35,000,000 Alabama Special Care Facilities Financing Authority of Birmingham Revenue Bonds (Ascension Health Senior Credit Group) Series 2006C-1 (referred to as the Series 2006C Bonds)

The Series 2006B Bonds and the Series 2006C Bonds are referred to as the Series 2006 Bonds. Each Series of the Series 2006 Bonds will bear interest at an Indexed Put Rate, as described herein. The Series 2006 Bonds of any Series may be converted to bear interest at interest rates other than Indexed Put Rates.

The proceeds of the sale of the Series 2006B Bonds will be used to finance or reimburse Ascension Health for capital expenditures made or to be made by members of the Ascension Health Senior Credit Group in the States of Florida, Indiana, Tennessee and Texas. The proceeds of the sale of the Series 2006C Bonds will be used to finance or reimburse Ascension Health for capital expenditures made or to be made by members of the Ascension Health Senior Credit Group in the State of Alabama.

Ascension Health is the parent organization of the largest nonprofit Catholic health care system in the United States. The Ascension Health system consists primarily of 104 not-for-profit corporations controlled directly or indirectly by Ascension Health that own and operate health care facilities with approximately 17,000 available beds (as of June 30, 2006) throughout the United States.

The Series 2006B Bonds and the Series 2006C Bonds will be issued pursuant to separate Bond Indentures, each dated as of November 1, 2006, between the Issuer of that Series and Wells Fargo Bank, National Association, as Bond Trustee. The proceeds of the sale of each Series of the Series 2006 Bonds will be loaned by the Issuer of that Series to Ascension Health pursuant to a separate Loan Agreement for that Series between the Issuer of that Series and Ascension Health, each dated as of November 1, 2006.

As part of its plan of finance, Ascension Health anticipates that the Indiana Issuer will issue two series of indexed put bonds, referred to as the Additional Indexed Put Bonds, in an aggregate principal amount of $155,630,000. The proceeds of the Additional Indexed Put Bonds will be used (i) to finance or reimburse Ascension Health for capital expenditures made or to be made by members of the Ascension Health Senior Credit Group in the States of Florida, Indiana, Tennessee and Texas and (ii) to refund bonds previously issued by The Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson County, Tennessee. Ascension Health expects that the Indiana Issuer, the Birmingham Issuer, the Wisconsin Health and Educational Facilities Authority, referred to as the Wisconsin Issuer, and the Alabama Special Care Facilities Financing Authority of the City of Mobile, referred to as the Mobile Issuer, will issue six series of fixed rate bonds, referred to as the Fixed Rate Bonds, in an aggregate principal amount of $601,175,000. The proceeds of the Fixed Rate Bonds will be used (i) to finance or reimburse Ascension Health for capital expenditures made or to be made

by members of the Ascension Health Senior Credit Group in the State of Wisconsin and (ii) to refund bonds previously issued by the Indiana Issuer and the Birmingham Issuer. Ascension Health also expects that Tucson Heart Hospital – Carondelet, L.L.C. will issue a series of Taxable Auction Rate Notes, referred to as the Taxable Notes, in an aggregate principal amount of $40,500,000, which will be guaranteed by Ascension Health, referred to herein as the Taxable Notes Guaranty. The proceeds of the Taxable Notes will be used to refinance indebtedness of Tucson Heart Hospital – Carondelet, L.L.C. to Carondelet Health Network, a Senior Credit Group Member, which repaid a note originally incurred to develop, construct, equip and operate a cardiovascular heart hospital in Tucson, Arizona. See "**PLAN OF FINANCE**." Ascension Health expects that the Additional Indexed Put Bonds, the Fixed Rate Bonds and the Taxable Notes will be issued concurrently with the Series 2006 Bonds.

All capitalized terms used in this Limited Offering Memorandum and not otherwise defined herein shall have the same meanings included in **APPENDIX C –** "**SUMMARY OF PRINCIPAL DOCUMENTS – Definitions of Certain Terms.**"

Security for the Series 2006 Bonds

The Series 2006 Bonds of each Series are special and limited obligations of the Issuer of that Series, payable solely from the Revenues pledged for their payment under the applicable Bond Indenture, and are secured (with respect to the Series 2006B Bonds, on a parity with the Additional Indexed Put Bonds) by a pledge and assignment of amounts held in the funds and accounts (other than the Rebate Fund and the Bond Purchase Fund) by the applicable Bond Trustee under the applicable Bond Indenture. Revenues consist primarily of (a) Loan Repayments made by Ascension Health pursuant to each Loan Agreement, which are required to be made in amounts sufficient to pay the principal of and premium, if any, and interest on the related Series of the Series 2006 Bonds (and the Additional Indexed Put Bonds, with respect to the Series 2006B Bonds) when such amounts become due, and (b) payments made by the Senior Obligated Group Members (defined below) on the related Series 2006 Senior Obligation (also described below) that secures the applicable Series of the Series 2006 Bonds (and the Additional Indexed Put Bonds, with respect to the Series 2006B Bonds).

The Series 2006 Bonds of each Issuer will also be secured by a senior obligation (each is referred to as a Series 2006 Senior Obligation) to be issued by Ascension Health, as Senior Credit Group Representative, under a Master Trust Indenture dated as of November 1, 1999, as amended and supplemented (referred to as the Senior Master Indenture), among Ascension Health, the other corporations that are Senior Obligated Group Members (as described below) thereunder from time to time and U.S. Bank National Association, as Senior Master Trustee.

Ascension Health and certain other members of the Senior Obligated Group (as provided in the Senior Master Indenture) granted a security interest to the Senior Master Trustee in their respective "Pledged Revenues" to secure all Senior Obligations outstanding under the Senior Master Indenture, including the Series 2006 Senior Obligations, and to secure the performance by Ascension Health and the other members of the Senior Obligated Group of their obligations under the Senior Master Indenture. The Pledged Revenues consist of certain operating revenues of the members of the Senior Obligated Group that granted such security interests.

No reserve funds have been established under any Bond Indenture. The facilities of Ascension Health and the other Senior Credit Group Members are not pledged as security for the Series 2006 Bonds or for the payment of the Series 2006 Senior Obligation.

The Senior Master Indenture, the Senior Obligations and Loan Repayments

Senior Credit Group. The Senior Master Indenture creates a Senior Credit Group, which is comprised of the Senior Obligated Group Members, Senior Designated Affiliates and Senior Limited Designated Affiliates. The Senior Obligated Group Members are jointly and severally obligated to make payments on each Series 2006 Senior Obligation and other Senior Obligations issued and outstanding under the Senior Master Indenture, according to the terms thereof when due. The Senior Designated Affiliates and Senior Limited Designated Affiliates are not obligated to make any debt service payments on any Senior Obligations. However, they may be required to transfer funds to Senior Obligated Group Members in amounts necessary to enable the Senior Obligated Group Members to make payments due on Senior Obligations. The Senior Obligated Group Members and Senior Limited Designated

Affiliates are identified in **APPENDIX A** to this Limited Offering Memorandum. There are no Senior Designated Affiliates on the date of this Limited Offering Memorandum.

Ascension Health is currently the Senior Credit Group Representative under the Senior Master Indenture. As Senior Credit Group Representative, Ascension Health has issued obligations (referred to as Senior Obligations) under the Senior Master Indenture. The aggregate principal amount of Senior Obligations that were outstanding as of June 30, 2006 was $3,562,152,118. After the date of issuance of the Series 2006 Bonds, the Additional Indexed Put Bonds, the Fixed Rate Bonds and the Taxable Notes and the application of the proceeds thereof as described under the caption "PLAN OF FINANCE," the aggregate principal amount outstanding of such Senior Obligations, including the Series 2006 Senior Obligations and the Senior Obligations that secure the Additional Indexed Put Bonds, the Fixed Rate Bonds and the Taxable Notes Guaranty, will be $3,707,925,822.

Subordinate Credit Group. Ascension Health, the Senior Obligated Group Members and the Senior Limited Designated Affiliates are also members of a subordinate credit group (the Subordinate Credit Group) that was established under a master trust indenture dated as of February 1, 2005, as supplemented (the Subordinate Master Indenture), among Ascension Health, other corporations that are subordinated obligated group members thereunder from time to time (the Subordinate Obligated Group), and U.S. Bank National Association, as subordinate master trustee (the Subordinate Master Trustee). Ascension Health, as representative of the Subordinate Credit Group, has issued subordinate obligations (or Subordinate Obligations) under the Subordinate Master Indenture. The aggregate principal amount of the Subordinate Obligations that were outstanding as of June 30, 2006 was $612,235,000.

The Subordinate Master Indenture requires that the members of the Subordinate Credit Group must be identical to the members of the Senior Credit Group.

Payments of amounts due on the Subordinate Obligations and other amounts due under the Subordinate Master Indenture, will be permitted if (and only if) all payments on the Senior Obligations and under the Senior Master Indenture which are then due have been made and no other "Event of Default," as defined in the Senior Master Indenture, exists. The security interests in Pledged Revenues granted to the Senior Master Trustee are not intended to, and do not, secure the obligations of the Subordinate Credit Group on the Subordinate Obligations or the obligations of any Subordinate Obligated Group Member under the Subordinate Master Indenture.

A further description of the Senior Master Indenture and the Senior Credit Group is included under the caption, "**SECURITY FOR THE SERIES 2006 BONDS**."

THE ISSUERS

The Issuers have not participated in the preparation of this Limited Offering Memorandum. Except for information describing a particular Issuer under this caption, that Issuer has not provided any of the information contained in this Limited Offering Memorandum, including information about the other Issuers. Each Issuer has provided information only with respect to itself.

Alabama Special Care Facilities Financing Authority of Birmingham

The Alabama Special Care Facilities Financing Authority of Birmingham, or the Birmingham Issuer, is a public corporation organized and existing under and pursuant to the provisions of Chapter 62 of Title 11 of the Code of Alabama 1975, Section 11-62-1, et seq. (the "Alabama Act"). The Alabama Act authorizes the incorporation by municipalities in the State of Alabama of public corporations referred to as "special care facilities financing authorities" for the purpose of enabling nonprofit organizations to finance certain health care facilities and domiciliary facilities, including hospitals, nursing homes, convalescent homes, retirement homes for elderly persons, medical and dental facilities and educational facilities. Such authorities are empowered, among other things, to issue bonds and notes for the purpose of acquiring such facilities for lease or sale to nonprofit organizations and for the purpose of making loans to nonprofit organizations in order to finance or refinance both capital and operating costs of such facilities. Any authority may exercise its powers with respect to facilities located outside of the corporate limits of the municipality which authorized its incorporation (the "authorizing

municipality") provided that (i) if such facility is located in a municipality other than the authorizing municipality, the governing body of such other municipality consents to the actions of the authority with respect to such facility or (ii) if such facility is located in the unincorporated area of any county other than the county or counties where the authorizing municipality is located, the governing body of such other county consents to the actions of the authority with respect to such facility. Each authority is governed by a board of directors consisting of three members appointed by the authorizing municipality. The Directors of the Birmingham Issuer serve without compensation and have no experience in the operation of health care facilities.

Indiana Health and Educational Facility Financing Authority

The Indiana Health and Educational Facility Financing Authority, or the Indiana Issuer, was established on May 15, 2005, as successor to the Indiana Health Facility Financing Authority, which was created in 1983 pursuant to the provisions of Indiana Code 5-1-16, or the Indiana Authority Act, and is organized and existing under and by virtue of the Indiana Authority Act as a public body politic and corporate, not an agency of the State of Indiana, but an independent public instrumentality exercising essential public functions. Under the Indiana Authority Act, the Indiana Issuer is authorized to make loans to "participating providers," as defined in the Indiana Authority Act, in order to provide funds to finance, refinance and provide reimbursements for all or a portion of any and all "costs", as defined in the Indiana Authority Act and related to the acquisition, lease, construction, repair, restoration, reconditioning, refinancing or installation of "health facility property" as defined in the Indiana Authority Act. The Indiana Issuer may finance health facility property located in Indiana or outside Indiana if the financing also includes a substantial component, as determined by the Indiana Issuer, for the benefit of a health facility located in Indiana. Further, the participating provider (or an affiliate) in a financing for a health facility outside Indiana must also operate a substantial health facility, as determined by the Indiana Issuer, in Indiana. The Indiana Issuer has no taxing power.

THE SERIES 2006 BONDS

The following is a summary of certain provisions of the Series 2006 Bonds. Reference is made to the Series 2006 Bonds for the complete text thereof and to the Bond Indentures for a more detailed description of these provisions. The discussion herein is qualified by such reference.

General

Each Series of Series 2006 Bonds will be issued in the aggregate principal amount, will mature on the maturity dates described on the pages immediately following the cover page of this Limited Offering Memorandum and, while in an Indexed Put Interest Rate Period, shall be issued in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof. The Series 2006 Bonds will be dated the Date of Issuance. The Series 2006 Bonds shall bear interest from such date and shall be payable initially on December 7, 2006 and thereafter during Indexed Put Interest Rate Periods on the first Thursday of each calendar month (or the next succeeding Indexed Put Bond Business Day if such Thursday is not an Indexed Put Bond Business Day).

While in an Indexed Put Interest Rate Period, interest on the Series 2006 Bonds shall be calculated based on a 365 or 366-day year, as appropriate, and the actual number of days elapsed. At no time shall any Series 2006 Bond bear interest at a rate in excess of the Maximum Indexed Put Rate. The Series 2006 Bonds shall bear interest on the unpaid principal amount thereof as described below.

The Depository Trust Company, or DTC, will act as the initial securities depository for each Series of the Series 2006 Bonds, which will be issued initially pursuant to a book-entry only system. See the information herein under the caption, "**BOOK-ENTRY ONLY SYSTEM**." Under each Bond Indenture, the Issuer may appoint a successor securities depository to DTC for its Series of the Series 2006 Bonds. The Holders of the Series 2006 Bonds have no right to a book-entry only system for the Series 2006 Bonds. The information under the caption, "**THE SERIES 2006 BONDS**" is subject in its entirety to the provisions described below under the caption, "**BOOK-ENTRY ONLY SYSTEM**" while the Series 2006 Bonds are in the book-entry only system.

Additional Interest Rate Periods

The Series 2006 Bonds may be converted to a different Interest Rate Period or to another Indexed Put Interest Rate Period only following the Initial Indexed Put Date or following an Extraordinary Purchase Event (as hereinafter defined). Thereafter, any Series of the Series 2006 Bonds may be converted to bear interest at a different interest rate and for different Interest Rate Periods. The other Interest Rate Periods are the Serial Mode Interest Rate Period, Short-Term Interest Rate Period (consisting of Bond Interest Term Rates), Weekly Interest Rate Period and ARS Interest Rate Period. Should a Series of the Series 2006 Bonds be converted to a different Interest Rate Period, it is expected that a supplement to this Limited Offering Memorandum or other disclosure document will be prepared.

Payment of Principal and Interest

The Series 2006 Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Individual purchases of interests in the Series 2006 Bonds will be made in book-entry form only, in authorized denominations as described herein under the caption, "**THE SERIES 2006 BONDS – General**." Purchasers of such interests will not receive certificates representing their interests in the Series 2006 Bonds. For a description of matters pertaining to transfers and exchanges while in the book-entry only system, see the information herein under the caption, "**BOOK-ENTRY ONLY SYSTEM**."

So long as Cede & Co. is the registered owner of a Series of the Series 2006 Bonds, the Bond Trustee for that Series will pay interest on the Series 2006 Bonds of that Series to DTC, which will remit interest payments to the Beneficial Owners of that Series of the Series 2006 Bonds, as described under the caption, "**BOOK-ENTRY ONLY SYSTEM**."

The principal or Redemption Price (the principal plus the applicable premium, if any, payable upon redemption) of the Series 2006 Bonds and interest thereon shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Bond Trustee.

Payments of interest on each Series of the Series 2006 Bonds shall be payable by the Bond Trustee by check mailed on the date on which such interest is due to the Holders at their addresses appearing on the bond register maintained by the Bond Trustee at the close of business on the Record Date with respect to such Interest Payment Date. The Record Date for any Interest Payment Date is the Business Day immediately preceding the Interest Payment Date.

In the case of any Holder of Series 2006 Bonds in an aggregate principal amount in excess of $1,000,000 as shown on the bond register maintained by the Bond Trustee who, prior to the Record Date for such Series 2006 Bonds next preceding any Interest Payment Date, shall have provided the Bond Trustee with written wire transfer instructions, interest payable on such Series 2006 Bonds shall be paid in accordance with the wire transfer instructions provided by the Holder of such Series 2006 Bond.

Interest Accrual and Payment Dates

Each Series of Series 2006 Bonds will be dated the Date of Issuance and shall bear interest from such date. For any Indexed Put Interest Rate Period, interest shall accrue from the first day thereof and thereafter, for each Indexed Put Interest Rate Period from and including each Interest Payment Date in respect thereof, to and including the day preceding such Interest Payment Date and shall be payable on (i) December 7, 2006 and (ii) thereafter, (A) the first Thursday of each calendar month, or, if such first Thursday is not an Indexed Put Bond Business Day, the next succeeding Indexed Put Bond Business Day and (B) any Tender Date. For any Serial Bond Interest Rate Period, interest shall accrue from the first day thereof and shall be payable on May 15 and November 15 of each year. For any Bond Interest Term within a Short-Term Interest Rate Period, interest shall accrue from the first day thereof to and including the last day thereof and shall be payable on the day next succeeding the last day of such Bond Interest Term. With respect to the Series 2006 Bonds while in a Weekly Interest Rate Period, interest shall accrue from the first day thereof and thereafter from the first Wednesday of each calendar month, to and including the Tuesday prior to the first Wednesday of the next succeeding calendar month and shall be payable on the first

Wednesday of each calendar month, or, if such first Wednesday is not a Business Day, the next succeeding Business Day. For any ARS Interest Rate Period, interest shall accrue from and include, as applicable, the first day thereof or the most recent Interest Accrual Date to which interest has been paid or duly provided for, and interest shall be payable on the Business Day immediately following each Auction Period for such Series.

Series 2006 Bonds Interest Rates and Rate Periods

General. The term of a Series of the Series 2006 Bonds shall be divided into consecutive Interest Rate Periods selected by Ascension Health in the manner provided in the Bond Indenture during which that Series of the Series 2006 Bonds shall bear interest at interest rates determined in the manner described below. At any time, the Interest Rate Periods may differ for each Series of Series 2006 Bonds. Each Series of Series 2006 Bonds shall bear interest at either an Indexed Put Rate, a Serial Bond Interest Rate, Bond Interest Term Rates, Weekly Interest Rate or ARS Interest Rate.

The initial Interest Rate Periods for the Series 2006 Bonds shall commence on the Date of Issuance of the Series 2006 Bonds and the Series 2006 Bonds will initially be in an Indexed Put Interest Rate Period. At any time after the Initial Indexed Put Date, Ascension Health may elect that the Series 2006 Bonds of any Series will be adjusted to an alternate Interest Rate Period, including another Indexed Put Interest Rate Period, subject to the satisfaction of certain conditions specified in the Bond Indenture, including, in most cases, delivery of a Favorable Opinion of Bond Counsel in connection with an adjustment to any alternate Interest Rate Period.

Adjustment to an Alternate Interest Rate Period. Ascension Health may elect to adjust the Series 2006 Bonds of any Series to an alternate Interest Rate Period. Upon this election and satisfaction of certain conditions, all of the Series 2006 Bonds of this Series will be subject to the alternate Interest Rate Period. The written election must specify (i) the proposed effective date of the adjustment to any alternate Interest Rate Period and (ii) the date of delivery for these Series 2006 Bonds to be purchased on the effective date of the interest rate adjustment. With respect to any adjustment to a Serial Bond Interest Rate Period, the direction of Ascension Health may specify Redemption Prices and periods different than those described under the caption "**THE SERIES 2006 BONDS – Redemption – Optional Redemption –** ***Redemption while in a Serial Bond Interest Rate Period***," if approved by Bond Counsel. With respect to any adjustment to an ARS Interest Period, the direction of Ascension Health shall also specify the initial Auction Period. In addition, except with respect to an adjustment from a Serial Bond Interest Rate Period to a Weekly Interest Rate Period, the direction of Ascension Health shall be accompanied by a letter of Bond Counsel stating that it expects to deliver a Favorable Opinion of Bond Counsel on the effective date of the adjustment to an alternate Interest Rate Period. A change to any such alternate Interest Rate Period may not take place unless a Favorable Opinion of Bond Counsel is delivered on the effective date of the alternate Interest Rate Period.

The Bond Trustee is required to give notice of adjustment to any new Interest Rate Period for the Series 2006 Bonds of the applicable Series to Holders not less than 30 days prior to the proposed effective date of the new Interest Rate Period. **While such Series of the Series 2006 Bonds are registered in the name of Cede & Co., such notice shall be given only to DTC, and not to any Beneficial Owner of the Series 2006 Bonds.** Such notice will state (i) that the interest rate on the Series 2006 Bonds of the applicable Series will be adjusted to an Indexed Put Interest Rate Period, a Serial Bond Interest Rate Period, a Short-Term Interest Rate Period, a Weekly Interest Rate Period or an ARS Interest Rate Period, as appropriate, or, if the Interest Rate Period for the Series 2006 Bonds of the applicable Series is then a Serial Bond Interest Rate Period, continue to be a Serial Bond Interest Rate Period, unless Bond Counsel fails to deliver to the Bond Trustee, Ascension Health, the Senior Credit Group Representative and the Remarketing Agent or Broker-Dealer (in the event the Series being adjusted are ARS or otherwise bears interest at an ARS Rate), a Favorable Opinion of Bond Counsel on the proposed effective date of the adjustment or any other condition precedent to the adjustment has not been satisfied; (ii) the proposed effective date of the alternate Interest Rate Period; and (iii) that the Series 2006 Bonds of that Series are subject to mandatory tender for purchase on the proposed effective date of the new Interest Rate Period and the applicable Purchase Price on that date.

If notice of adjustment has been mailed to the Holders of the Series 2006 Bonds of the applicable Series and Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date as herein described or

if other conditions precedent to the adjustment have not been satisfied, the Series 2006 Bonds of that Series (except for Series 2006 Bonds bearing interest at ARS or Indexed Put Rates, which shall not be subject to mandatory tender) shall continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the adjustment. In that event, the Interest Rate Period shall not be converted and the Series 2006 Bonds shall continue to bear interest at the Weekly Interest Rate, Serial Bond Interest Rate or Bond Interest Term Rate, as the case may be, as in effect immediately prior to the proposed conversion (provided that the period of any continuing Serial Bond Interest Rate Period shall be one year). If a Series of the Series 2006 Bonds were bearing interest at an ARS Interest Rate, then the Series 2006 Bonds of that Series shall bear interest at the ARS Maximum Rate for the next succeeding Auction Period, then at the Applicable ARS Rate. If a Series of the Series 2006 Bonds were bearing interest at an Indexed Put Rate, then the Series 2006 Bonds of that Series shall bear interest at the new Indexed Put Rate and an Event of Default (as defined in the related Bond Indenture) shall occur.

Indexed Put Interest Rate Period. The Series 2006 Bonds will initially be issued as Indexed Put Bonds and shall bear interest at the Indexed Put Rate. The Indexed Put Rate shall be the per annum interest rate equal to (i) initially, the Indexed Coupon Rate and (ii) upon the exercise of the Index Option, the Indexed Conversion Rate, subject in each case to the application of the Maximum Indexed Put Rate and the Minimum Indexed Put Rate. The Indexed Put Rate on the Indexed Put Bonds shall be adjusted weekly on each Reset Date (which is every Thursday, or if any Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day) and shall apply from and including such Reset Date to but excluding the next following Reset Date.

The Indexed Coupon Rate means a per annum rate equal to the sum of (a) the product obtained by multiplying 66.75% by USD-ISDA Swap Rate and (b) the Applicable Spread.

The Applicable Spread shall be (i) initially, with respect to the Indexed Coupon Rate, +0 basis points, (ii) initially, with respect to the Indexed Conversion Rate, +8 basis points, (iii) upon the occurrence of an Extraordinary Purchase Event set forth in clause (i) of the definition thereof, +250 basis points for the six month period immediately following the occurrence of such event, and thereafter +500 basis points, (iv) upon the occurrence of an Extraordinary Purchase Event set forth in any other clauses of the definition thereof or upon the occurrence of an Event of Default, Failure to Pay Tender Price or Failure of a Conversion from the Indexed Put Bonds Mode (each as defined in the applicable Bond Indenture), +500 basis points, and (v) a spread determined by the Remarketing Agent pursuant to the Bond Indenture to be added to or subtracted from the BMA Index.

Any adjustment to the Applicable Spread made following the occurrence of an event described in clause (iii) or (iv) in the paragraph above (referred to as an Adjustment Event) shall be made and announced by the Bond Trustee as soon as practicable after receipt by the Bond Trustee of notice from Ascension Health provided pursuant to the Loan Agreement or from the Remarketing Agent or any Bondholder (subject to verification by the Bond Trustee as described below) that an Adjustment Event has transpired which gives rise to an adjustment to the Applicable Spread. If the Bond Trustee received notice of an Adjustment Event from a Bondholder, the Bond Trustee shall independently verify the occurrence of the Adjustment Event. Any such adjustment to the Applicable Spread shall be effective immediately and shall be retroactive to the first Reset Date following the occurrence of the Adjustment Event.

Extraordinary Purchase Event means (i) the long term rating of the Indexed Put Bonds or any other debt issued pursuant to or secured under the Senior Master Indenture is (a) reduced to or below BBB+ by S&P, Baa1 by Moody's or BBB+ by Fitch by any two of such rating agencies, (b) reduced below by BBB by S&P, Baa2 by Moody's or BBB by Fitch by any such rating agency or (c) any of the ratings of the Indexed Put Bonds or any of the ratings or any other debt issued pursuant to or secured under the Senior Master Indenture is withdrawn or suspended for any reason; (ii) an Event of Insolvency (as defined in the applicable Bond Indenture) has occurred; (iii) any failure by an Issuer to make timely payment of principal or interest on its related Series of Series 2006 Bonds when due has occurred (a "Payment Default"); (iv) a Determination of Taxability (as defined in the applicable Bond Indenture) has occurred; or (v) if at any time Ascension Health fails to comply with any covenant on its part to be complied with under the Senior Master Indenture, the related Loan Agreement or any Senior Obligation (collectively, the "Related Documents") (after giving effect to any grace periods applicable thereto); provided,

however, if such failure to comply relates to a Payment Default, any applicable grace period contained in such Related Document applicable thereto shall be disregarded for purposes of this definition).

The Indexed Conversion Rate means a per annum rate equal to the sum of (a) the BMA Index, (b) the Applicable Spread and (c) the Interest Rate Adjustment, if any. If the BMA Index is no longer available, then the BMA Index, as calculated by the Bond Trustee, shall be 85.00% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day such BMA Index would otherwise be determined for such Indexed Put Rate Period.

An Interest Rate Adjustment means, in respect of a conversion of the rate on a Series of Indexed Put Bonds pursuant to the related Bond Indenture, a fixed per annum rate determined by the Index Rate Agent (which is Ascension Health) on the basis of the actual number of days elapsed in a 365 or 366 day year, as applicable, equal to such rate which, if applied to the payment of such Series of Indexed Put Bonds, would in aggregate result in the payment of the Hypothetical Termination Value (as defined in the Bond Indentures) on the Interest Payment Dates from, and including, the applicable date on which the Index Option is exercised as described below (an "Index Option Conversion Date") to, and including, the Initial Indexed Put Date, calculated and valued on the basis of the prevailing LIBOR discount curve as of the applicable Index Option Conversion Date in accordance with standard financial practice for calculating prices and yields.

Index Option. Upon certain conditions, a Beneficial Owner of not less than a majority of the principal amount of a Series of the Outstanding Indexed Put Bonds may exercise the Index Option and thus elect to convert the interest rate payable on such Series of the Indexed Put Bonds from the applicable Indexed Coupon Rate to the applicable Indexed Conversion Rate on any Reset Date but prior to the Index Option Termination Date (which is November 1, 2014). Such election shall be made by the delivery to the Index Rate Agent and the Bond Trustee by such Beneficial Owner at least two (2) Business Days prior to the proposed conversion date of written notice specifying (i) that such Beneficial Owner elects to convert the interest rate payable on such Series of the Indexed Put Bonds to the Indexed Conversion Rate, (ii) the proposed Index Option Conversion Date, and (iii) evidence satisfactory to the Index Rate Agent that such Beneficial Owner is the Beneficial Owner of not less than a majority of the principal amount of such Series of the Outstanding Indexed Put Bonds.

Prior to 2:00 p.m. on the proposed Index Option Conversion Date, the Index Rate Agent shall determine the Interest Rate Adjustment and the Indexed Conversion Rate and shall notify the Bond Trustee of the same. The Bond Trustee shall, no later than two (2) Business Days following the Index Option Conversion Date, deliver a notice to all of the Beneficial Owners of the Series of Outstanding Indexed Put Bonds, which notice shall specify (i) that the interest rate on the Indexed Put Bonds has been converted to the Indexed Conversion Rate, (ii) the Interest Rate Adjustment, (iii) the initial Indexed Conversion Rate, and (iv) the Index Option Conversion Date.

The Index Option may only be exercised by a Beneficial Owner if the Index Rate Agent determines that the Interest Rate Adjustment is positive.

No Indexed Put Bonds may be converted to another interest rate mode until the earlier to occur of the Initial Indexed Put Date or an Extraordinary Purchase Event.

Serial Bond Interest Rate Period. The Series 2006 Bonds of any Series during a Serial Bond Interest Rate Period shall bear interest at the Serial Bond Interest Rate which shall be determined by the Remarketing Agent on a Business Day no later than the effective date of the Serial Bond Interest Rate Period. Each Serial Bond Interest Rate Period shall end on the day immediately prior to the Maturity Date for such Series of Series 2006 Bonds or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof for the applicable Series of Series 2006 Bonds.

If Ascension Health has not made a timely election prior to the end of any Serial Bond Interest Rate Period that, during the next succeeding Interest Rate Period, the Series 2006 Bonds of the applicable Series shall bear interest at a Weekly Interest Rate, a Serial Bond Interest Rate, an Indexed Put Rate, an ARS Interest Rate, or at Bond Interest Term Rates, the next succeeding Interest Rate Period for the Series 2006 Bonds of that Series shall be a Weekly Interest Rate Period until properly adjusted otherwise.

Except as described in the next sentence, the Serial Bond Interest Rate for a Series of Series 2006 Bonds shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by the Series 2006 Bonds of the applicable Series, would enable the Remarketing Agent to sell the Series 2006 Bonds of that Series on such date at a price equal to the principal amount thereof. The foregoing notwithstanding, the Serial Bond Interest Rate for a Series of Series 2006 Bonds shall be the rate of interest per annum determined by the Remarketing Agent to be the interest rate which, if borne by the Series 2006 Bonds of the applicable Series, would enable the Remarketing Agent to sell the Series 2006 Bonds of that Series at a price which will result in the lowest net interest cost for the Series 2006 Bonds of that Series, after taking into account any premium or discount at which the Series 2006 Bonds of that Series are sold by the Remarketing Agent, provided that: (i) the Remarketing Agent certifies to the Bond Trustee, the Tender Agent and Ascension Health that the sale of the Series 2006 Bonds of that Series at the interest rate and premium or discount specified by the Remarketing Agent is expected to result in the lowest net interest cost for such Series 2006 Bonds on the Serial Bond Conversion Date; (ii) Ascension Health and the Senior Credit Group Representative consent in writing to the sale of the Series 2006 Bonds of such Series by the Remarketing Agent at such premium or discount; (iii) in the case of Series 2006 Bonds to be sold at a discount, either (a) a Liquidity Facility is in effect with respect to such Series of Series 2006 Bonds and provides for the purchase of such Series 2006 Bonds at such discount or (b) Ascension Health or the Senior Credit Group Representative agrees to transfer to the Tender Agent on the Serial Bond Conversion Date, in immediately available funds, for deposit in the applicable Ascension Health Purchase Account, an amount equal to such discount; (iv) in the case of Series 2006 Bonds to be sold at a premium, the Remarketing Agent shall transfer to the Bond Trustee for deposit in the applicable Revenue Fund an amount equal to such premium; (v) on or before the date of the determination of the Serial Bond Interest Rate, Ascension Health delivers to the Bond Trustee, the Senior Credit Group Representative and the Remarketing Agent a letter of Bond Counsel to the effect that Bond Counsel expects to be able to give a Favorable Opinion of Bond Counsel on the Serial Bond Conversion Date; and (vi) on or before the Serial Bond Conversion Date, a Favorable Opinion of Bond Counsel shall have been received by the Bond Trustee and confirmed to Ascension Health, the Senior Credit Group Representative and the Remarketing Agent.

Except as described in the last paragraph herein under the caption, "**THE SERIES 2006 BONDS – Series 2006 Bond Interest Rates and Rate Periods – Adjustment to an Alternate Interest Rate Period**," if for any reason the Remarketing Agent does not determine a Serial Bond Interest Rate on or prior to the first day of the Serial Bond Interest Rate Period, then the Series 2006 Bonds of the applicable Series shall bear interest at a Weekly Interest Rate, and the Series 2006 Bonds of that Series shall continue to bear interest at a Weekly Interest Rate until properly adjusted otherwise.

Short-Term Interest Rate Period. The Series 2006 Bonds of any Series during a Short-Term Interest Rate Period shall bear interest at the Bond Interest Term Rates determined for the Bond Interest Terms by the Remarketing Agent, no later than the first day of each Bond Interest Term. Each Bond Interest Term shall be a period not exceeding 180 days, as determined by the Remarketing Agent to be the period which, together with all other Bond Interest Terms for all Outstanding Series 2006 Bonds of the applicable Series, will result in the lowest overall interest expense on the Series 2006 Bonds of that Series over the next succeeding 180 days. Each Bond Interest Term shall end on either a day which immediately precedes a Business Day or on the day immediately preceding the Maturity Date for the Series 2006 Bonds.

The Remarketing Agent shall announce, by no later than 9:30 a.m., New York City time, on the first day of each Bond Interest Term, a list of ranges of possible Bond Interest Terms and related Bond Interest Term Rates. The Bond Interest Term and the Bond Interest Term Rate for each Series 2006 Bond of a Series need not be the same for any two Series 2006 Bonds of that Series, even if determined on the same date. In determining the number of days in each Bond Interest Term, the Remarketing Agent shall take into account the following factors: (i) existing short-term, tax-exempt market rates and indices of short-term rates; (ii) the existing market supply and demand for short-term tax-exempt securities; (iii) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality comparable to the Series 2006 Bonds of that Series; (iv) general economic conditions; (v) industry economic and financial conditions that may affect or be relevant to the Series 2006 Bonds of that Series; (vi) the Bond Interest Terms of other Series 2006 Bonds; and (vii) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

The Bond Interest Term Rate for each Bond Interest Term for the Series 2006 Bonds in a Short-Term Interest Rate Period shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by those Series 2006 Bonds for that Bond Interest Term, would enable the Remarketing Agent to sell those Series 2006 Bonds on the effective date of that rate at a price equal to the principal amount thereof.

Except as described in the last paragraph herein under the caption "**THE SERIES 2006 BONDS – Series 2006 Bond Interest Rates and Rate Periods – Adjustment to an Alternate Interest Rate Period**," if for any reason the Remarketing Agent cannot, or does not, determine the required Bond Interest Term and associated Bond Interest Term Rate or if a Bond Interest Term and/or associated Bond Interest Term Rate shall be held by a court of law to be invalid or unenforceable, the Bond Interest Term shall be 30 days, provided that if the last day so determined shall not be a day immediately preceding a Business Day, the Bond Interest Term shall end on the first day immediately preceding the Business Day next succeeding that last day, or if that last day would be after the day immediately preceding the Maturity Date, the Bond Interest Term shall end on the day immediately preceding the Maturity Date, and the Bond Interest Term Rate shall be a rate per annum equal to 110% of the Bond Market Association Index (the BMA Index) on the first day of the Bond Interest Term.

Weekly Interest Rate Period. The Weekly Interest Rate shall be determined by the Remarketing Agent by no later than 5:00 p.m., New York City time, on Tuesday of each week during a Weekly Interest Rate Period or the next succeeding Business Day if that Tuesday is not a Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of a Weekly Interest Rate Period and shall apply to the period commencing on the first day of a Weekly Interest Rate Period and ending on the next succeeding Tuesday (whether or not a Business Day). Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday (whether or not a Business Day) and ending on the next succeeding Tuesday (whether or not a Business Day), unless a Weekly Interest Rate Period shall end on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on Wednesday (whether or not a Business Day) preceding the last day of a Weekly Interest Rate Period and ending on the last day of a Weekly Interest Rate Period.

The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by the Series 2006 Bonds of the applicable Series, would enable the Remarketing Agent to sell the Series 2006 Bonds of a Series on the effective date of the rate at a price (without regarding accrued interest) equal to the principal amount thereof.

Except as described in the last paragraph herein under the caption "**THE SERIES 2006 BONDS – Series 2006 Bond Interest Rates and Rate Periods – Adjustment to an Alternate Interest Rate Period**," if the Remarketing Agent fails to establish a Weekly Interest Rate for any Series of Series 2006 Bonds for any week, then the Weekly Interest Rate for that week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for the preceding week was determined by the Remarketing Agent. If for any reason the Remarketing Agent did not determine the Weekly Interest Rate for the immediately preceding week, or if a Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for that week shall be equal to 110% of the BMA Index on the day the Weekly Interest Rate would otherwise be determined by the Remarketing Agent as provided in the applicable Bond Indenture.

ARS Interest Period. The Auction Rate for the Series 2006 Bonds during an ARS Interest Rate Period (referred to herein as Auction Rate Securities or ARS) shall commence on the Conversion Date and shall be either a seven-day period, a 28-day period, a 35-day period or a Special Auction Period as defined in the applicable Bond Indenture and will be implemented through the Auction Procedures summarized in **APPENDIX F –** "**SUMMARY OF CERTAIN PROVISIONS RELATING TO THE AUCTION RATE SECURITIES**."

So long as they are Auction Rate Securities, each Series of the Series 2006 Bonds will bear interest at the Applicable ARS Rate established pursuant to the Auction Procedures described in **APPENDIX F –** "**SUMMARY OF CERTAIN PROVISIONS RELATING TO THE AUCTION RATE SECURITIES**." An ARS Interest Period means the period commencing on and including an ARS Interest Payment Date and ending on the day immediately preceding the next succeeding ARS Interest Payment Date; provided, that the first ARS Interest Period

within each ARS Interest Rate Period shall commence on and include the Conversion Date. The Applicable ARS Rate will not exceed the ARS Maximum Rate. Interest on the Auction Rate Securities will be computed on the basis of a 360-day year for the actual number of days elapsed during the applicable ARS Interest Period. In certain circumstances, the Auction Procedures for a Series of Auction Rate Securities may be canceled or suspended. The Auction Agent will suspend the Auction Procedures for a Series of Auction Rate Securities if: (i) the ownership of a Series of ARS is no longer maintained in a book-entry only system; (ii) a default in the payment of the principal of or interest shall have occurred with respect to a Series of ARS; or (iii) for any Auction Period there is no duly appointed Auction Agent or during which there is no duly appointed Broker-Dealer. The Applicable ARS Rate for each ARS Interest Period for the affected Auction Rate Securities after such suspension will be the interest rate per annum equal to 15% per annum; provided, that in no event shall such interest rate be more than the Maximum Lawful Rate. See **APPENDIX F – "SUMMARY OF CERTAIN PROVISIONS RELATING TO THE AUCTION RATE SECURITIES**."

Purchase of Series 2006 Bonds

Tenders of Series 2006 Bonds Are Subject to DTC Procedures. As long as the book-entry only system is in effect with respect to any Series of Series 2006 Bonds, all tenders for purchase and deliveries of Series 2006 Bonds tendered for purchase or subject to mandatory tender under the provisions of either Bond Indenture shall be made pursuant to DTC's procedures as in effect from time to time, and neither the Issuer, the Bond Trustee, Ascension Health, any Broker-Dealer nor the Remarketing Agent shall have any responsibility for or liability with respect to the implementation of these procedures. For a description of the tender procedures through DTC, see "**BOOK-ENTRY ONLY SYSTEM – General**."

Tender for Purchase Upon Election of Holder During an Indexed Put Interest Rate Period. Indexed Put Bonds are subject to tender at the option of the Holder upon the occurrence of any Extraordinary Purchase Event. See **APPENDIX C – "SUMMARY OF PRINCIPAL DOCUMENTS – Definitions of Certain Terms**." Such Indexed Put Bonds shall be purchased at a Purchase Price equal to the Extraordinary Tender Price, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office and to the Bond Trustee at its Principal Office a Tender Notice which shall be a Business Day not prior to the 90th day after the date of delivery of such Tender Notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received by the Tender Agent on the next succeeding Business Day. For payment of the Extraordinary Tender Price on the date specified in the notice, the Series 2006 Bonds must be delivered at or prior to 10:00 a.m., New York City time, on the date specified in the notice to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or the Holder's duly-authorized attorney, with the signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

Upon receipt of a Tender Notice from any Holder after an Extraordinary Purchase Event, the Bond Trustee shall send a notice to Ascension Health and all Holders, stating that the Bond Trustee has received a Tender Notice and that all such Indexed Put Bonds will be purchased on the date specified in the Tender Notice. In order for the Holders of the such Indexed Put Bonds (referred to as Deemed Tendered Bonds) to receive payment of the Extraordinary Tender Price, it will not be necessary for the Holders of the Deemed Tendered Bonds to deliver a Tender Notice to the Tender Agent or the Bond Trustee.

Upon the occurrence of an Extraordinary Purchase Event set forth in clauses (ii) and (iii) of the definition thereof, purchase of the Indexed Put Bonds shall be made on the earlier of (i) the 90th day after the date of delivery of the notice to the Tender Agent, (ii) the date of acceleration under the Bond Indenture, (iii) a Conversion Date, and (iv) the next Indexed Put Date.

Tender for Purchase Upon Election of Holder During Weekly Interest Rate Period. During any Weekly Interest Rate Period for a Series of Series 2006 Bonds, any Series 2006 Bond of the applicable Series shall be purchased from the Holder thereof at the option of that Holder on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, upon delivery by that Holder to the Tender Agent at its Principal Office for delivery of notices of an irrevocable written notice which states the name and Series designation of the Series 2006 Bond, the principal amount and the date on which the Series 2006 Bond is to be purchased,

which date shall be a Business Day at least seven days after the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received by the Tender Agent on the next succeeding Business Day. For payment of the Purchase Price on the date specified in the notice, the Series 2006 Bond must be delivered at or prior to 10:00 a.m., New York City time, on the date specified in the notice to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or the Holder's duly-authorized attorney, with the signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

Mandatory Tender for Purchase of Indexed Put Bonds on Indexed Put Dates. Series 2006 Bonds bearing interest at an Indexed Put Rate are subject to mandatory tender for purchase on the Initial Indexed Put Date and each date that is one calendar year following the Initial Indexed Put Date and each calendar year thereafter. For payment of the Purchase Price on the date specified in the notice, the Series 2006 Bond must be delivered at or prior to 10:00 a.m., New York City time, on the date specified in the notice to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or the Holder's duly-authorized attorney, with the signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange. The Initial Indexed Put Date shall be November 3, 2016, provided that if such day is not a Business Day, then the next preceding Business Day.

Mandatory Tender for Purchase on Day Next Succeeding Last Day of Each Bond Interest Term. On the day next succeeding the last day of each Bond Interest Term with respect to a Series 2006 Bond in a Short-Term Interest Rate Period (unless that day is the first day of a new Interest Rate Period in which case the Series 2006 Bonds will be subject to mandatory tender for purchase as described in the next paragraph), the Series 2006 Bond shall be purchased from the Holder thereof at a Purchase Price equal to the applicable principal amount thereof payable in immediately available funds, if the Series 2006 Bond is delivered to the Tender Agent on or prior to 10:00 a.m., New York City time, on that day, or if delivered after 10:00 a.m., New York City time, on the next succeeding Business Day, provided, however, that in any event, the Series 2006 Bond will not bear interest after the last day of each Bond Interest Term.

Mandatory Tender for Purchase on First Day of Each Interest Rate Period. Series 2006 Bonds, provided they are Eligible Bonds, shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period (or on the day which would have been the first day of an Interest Rate Period had there been no occurrence of an event which resulted in the interest rate on the Series 2006 Bonds not being adjusted, except Auction Rate Securities, which are not subject to mandatory tender upon a failed conversion), at the Purchase Price, payable in immediately available funds. Payment of the Purchase Price of any Series 2006 Bond to be purchased as provided in this paragraph shall be made in immediately available funds on the Purchase Date upon surrender of the Series 2006 Bond to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney with the signature of the Holder guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York City time, on the date specified for delivery in the notice described in the Bond Indenture for the Series.

Mandatory Tender Upon Termination, Substitution or Expiration of Liquidity Facility or Delivery of an Alternate Liquidity Facility (if Liquidity Facility Provided). As described herein, neither Ascension Health nor any other Senior Obligated Group Member is required under the Loan Agreement to provide a Liquidity Facility for the Series 2006 Bonds. If a Liquidity Facility for a Series of the Series 2006 Bonds is delivered to the Tender Agent in the sole discretion of the Senior Credit Group Representative, in accordance with the provisions of the Loan Agreement for the Series, the Series 2006 Bonds of the Series will be subject to mandatory tender for purchase prior to delivery thereof, the Noticed Termination Date, the Substitution Date or the Expiration Date for the Liquidity Facility and upon delivery of an Alternate Liquidity Facility at the Purchase Price, payable in immediately available funds. The Purchase Price of any Series 2006 Bond so purchased as described in this paragraph shall be payable only upon surrender of the Series 2006 Bond to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder or by the Holder's duly authorized attorney, with the signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York City time, on the

date specified for delivery in a notice provided to the Holder by the Bond Trustee. If a Liquidity Facility were delivered to the Tender Agent, it is expected to provide that it would immediately terminate upon the occurrence of certain events of default specified therein without notice or mandatory tender.

Effect of Election to Tender or Mandatory Tender for Purchase. The giving of notice by a Holder of a Series 2006 Bond of its election to have its Series 2006 Bond purchased during a Weekly Interest Rate Period shall constitute the irrevocable tender for purchase of Series 2006 Bond regardless of whether the Series 2006 Bond is delivered to the Tender Agent for purchase on the relevant Purchase Date. If funds in the amount of the Purchase Price of the Series 2006 Bond tendered for purchase or any Auction Rate Security to be converted or other Series 2006 Bond subject to mandatory tender for purchase and which has not been delivered to the Tender Agent are available for payment to the Holder on the date and at the time specified, from and after the date and time of that required delivery, (i) that Series 2006 Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under its Bond Indenture, (ii) interest shall no longer accrue on that Series 2006 Bond; and (iii) funds in the amount of the Purchase Price of that Series 2006 Bond will be held by the Tender Agent for the benefit of the Holder thereof, to be paid on delivery (and proper endorsement) of that Series 2006 Bond to the Tender Agent at its Principal Office. The Tender Agent may refuse to accept delivery of any Series 2006 Bond for which a proper instrument of transfer has not been provided, but this refusal will not affect the validity of the purchase of that Series 2006 Bond.

Liquidity for Payment of the Purchase Price

Funds for the purchase of Series 2006 Bonds that have been tendered for purchase, whether at the option of the Holders or pursuant to the mandatory tender requirements described herein, will be provided, first, from the proceeds of the remarketing of Series 2006 Bonds and then, to the extent remarketing proceeds are insufficient to provide all funds required to purchase Series 2006 Bonds, from funds provided by Ascension Health. **The obligation to purchase Series 2006 Bonds upon optional or mandatory tender is not initially supported by a Liquidity Facility or by a covenant of Ascension Health to maintain liquid assets, although the Loan Agreement provide that Ascension Health may deliver a liquidity facility for that Series to the Tender Agent at any time.**

The Bond Trustee is required by each Bond Indenture to give notice to the Holders of the Series 2006 Bonds of that Series (and the Remarketing Agent with respect to (ii) below) of (i) the provision, extension or substitution of any Liquidity Facility at least thirty (30) days prior to provision, extension or substitution, (ii) the proposed Noticed Termination Date no less than three (3) Business Days after receipt of such Noticed Termination Date and (iii) the Expiration Date of the Liquidity Facility no less than fourteen (14) days prior to the Expiration Date. Such Series of Series 2006 Bonds will be subject to mandatory purchase on or not less than five (5) days prior to such Noticed Termination Date or Expiration Date.

Redemption

Optional Redemption

Redemption while in a Serial Bond Interest Rate Period. While any Serial Bond Interest Rate Period is in effect with respect to a Series of Series 2006 Bonds, the Series 2006 Bonds of the Series are subject to redemption prior to their stated maturity date, at the option of the Issuer (which option shall be exercised upon Request of the Senior Credit Group Representative to the Bond Trustee (unless waived by the Bond Trustee), at least forty-five (45) days prior to the date fixed for redemption), in whole or in part, on the day following such Serial Bond Interest Rate Period at a Redemption Price equal to the principal amount of Series 2006 Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium, and thereafter, during the periods specified below (or if approved by Bond Counsel, during the periods and at the Redemption Prices specified in a notice of the Senior Credit Group Representative to the Bond Trustee) in whole or in part on any date, at the Redemption Prices (expressed as a percentage of principal amount) indicated below or specified in the notice of the Senior Credit Group Representative to the Bond Trustee, plus accrued interest thereon (if any) to the date fixed for redemption.

Length of Serial Bond Interest Rate Period (expressed in years)	Redemption Price
Greater than 20	After 10 years at 102% declining by 1% every year to 100%
Less than or equal to 20 and greater than 15	After 7 years at 102% declining by 1% every year to 100%
Less than or equal to 15 and greater than 10	After 5 years at 102% declining by 1% every year to 100%
Less than or equal to 10	Not subject to optional redemption.

The foregoing notwithstanding, if the Senior Credit Group Representative delivers to the Bond Trustee, the Remarketing Agent and the Issuer prior to any Conversion Date to the Serial Bond Interest Rate a notice containing an alternative redemption schedule setting forth different dates on which, or different Redemption Prices at which, the Series 2006 Bonds of that Series may be redeemed while the Serial Bond Interest Rate is in effect and a Favorable Opinion of Bond Counsel, then during such Serial Bond Interest Rate Period such alternative redemption schedule shall apply to the redemption of the Series 2006 Bonds of that Series.

Redemption while in a Bond Interest Term Rate. While any Bond Interest Term Rate is in effect with respect to a Series of Series 2006 Bonds, the Series 2006 Bonds of that Series are also subject to redemption prior to their stated maturity date, at the option of the Issuer (which option shall be exercised upon Request of the Senior Credit Group Representative to the Bond Trustee (unless waived by the Bond Trustee), at least twenty-five (25) days prior to the date fixed for redemption), in whole or in part, on any Interest Payment Date at a Redemption Price equal to the amount of Series 2006 Bonds called for redemption, plus accrued interest thereon (if any) to the date fixed for redemption, without premium.

Redemption while in a Weekly Interest Rate Period. While any Weekly Interest Rate is in effect with respect to a Series of Series 2006 Bonds, the Series 2006 Bonds of that Series are also subject to redemption prior to their stated maturity date, at the option of the Issuer (which option shall be exercised upon Request of the Subordinate Credit Group Representative to the Bond Trustee (unless waived by the Bond Trustee), at least twenty-five (25) days prior to the date fixed for redemption), in whole or in part, in such amounts as may be specified by Ascension Health, on any date at a Redemption Price equal to the amount of Series 2006 Bonds called for redemption, plus accrued interest thereon (if any) to the date for redemption, without premium.

Redemption while in an ARS Interest Rate Period. While any ARS Interest Rate Period is in effect with respect to a Series of Series 2006 Bonds, the Series 2006 Bonds of that Series are also subject to redemption prior to their stated maturity date, at the option of the Issuer (which option shall be exercised upon Request of the Subordinate Credit Group Representative to the Bond Trustee (unless waived by the Bond Trustee), at least twenty-five (25) days prior to the date fixed for redemption), in whole or in part, on any ARS Interest Payment Date at a Redemption Price equal to the principal amount of Series 2006 Bonds called for redemption, plus accrued interest thereon (if any) to the date fixed for redemption, without premium.

Redemption while in an Indexed Put Interest Rate Period. While any Indexed Put Rate is in effect with respect to a Series of Series 2006 Bonds, the Series 2006 Bonds of such Series are subject to redemption in part prior to their stated maturity date, at the option of the Issuer (which option shall be exercised upon Request of the Senior Credit Group Representative given to the Bond Trustee at least twenty (20) days prior to the date of redemption set forth in such notice), on any date, at a Redemption Price equal to 101% of the principal amount thereof, plus accrued interest thereon (if any) to the redemption date specified in such notice, upon the occurrence of a Remediation Event; provided that, any such redemption shall not result in the redemption of greater than five percent (5%) of the original principal amount of such Series of Series 2006 Bonds.

Mandatory Redemption

Series 2006B-1 Bonds. The Series 2006B-1 Bonds maturing on November 15, 2046 are subject to redemption prior to the stated maturity (or payment at maturity, as the case may be), in part, by lot, from Sinking Fund Installments on any November 15 on or after November 15, 2040, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, in the amounts indicated below:

Sinking Fund Installment Dates (November 15)	Sinking Fund Installments
2040	$5,170,000
2041	5,330,000
2042	5,540,000
2043	5,735,000
2044	5,935,000
2045	6,145,000
2046*	6,365,000

*Maturity

Series 2006B-7 Bonds. The Series 2006B-7 Bonds maturing on November 15, 2046 are subject to redemption prior to the stated maturity (or payment at maturity, as the case may be), in part, by lot, from Sinking Fund Installments on any November 15 on or after November 15, 2040, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, in the amounts indicated below:

Sinking Fund Installment Dates (November 15)	Sinking Fund Installments
2040	$5,170,000
2041	5,330,000
2042	5,535,000
2043	5,730,000
2044	5,935,000
2045	6,145,000
2046*	6,360,000

*Maturity

Series 2006B-8 Bonds. The Series 2006B-8 Bonds maturing on November 15, 2046 are subject to redemption prior to the stated maturity (or payment at maturity, as the case may be), in part, by lot, from Sinking Fund Installments on any November 15 on or after November 15, 2040, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, in the amounts indicated below:

Sinking Fund Installment Dates (November 15)	Sinking Fund Installments
2040	$5,170,000
2041	5,330,000
2042	5,335,000
2043	5,730,000
2044	5,935,000
2045	6,145,000
2046*	6,360,000

*Maturity

Series 2006C-1 Bonds. The Series 2006C-1 Bonds maturing on November 15, 2046 are subject to redemption prior to the stated maturity (or payment at maturity, as the case may be), in part, by lot, from Sinking Fund Installments on any November 15 on or after November 15, 2040, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, in the amounts indicated below:

Sinking Fund Installment Dates (November 15)	Sinking Fund Installments
2040	$4,495,000
2041	4,640,000
2042	4,815,000
2043	4,990,000
2044	5,175,000
2045	5,345,000
2046*	5,540,000

*Maturity

Mandatory Sinking Account Payment Dates while Series 2006 Bonds are in a Weekly Interest Rate Period, Short-Term Interest Rate Period or a Serial Bond Interest Rate Period.

Notwithstanding the foregoing, when any Series 2006 Bond to be redeemed pursuant to the mandatory redemption provisions described above is subject to a Weekly Interest Rate Period, Short-Term Interest Rate Period or Serial Bond Interest Rate Period, if such November 15 is not a Business Day, the redemption from sinking fund installments shall occur on the next succeeding Business Day.

Mandatory Sinking Account Payment Dates while Series 2006 Bonds are Auction Rate Securities.

Notwithstanding the foregoing, when any Series 2006 Bond to be redeemed pursuant to the mandatory redemption provisions described above is subject to an ARS Interest Rate Period, if such November 15 is not an ARS Interest Payment Date, the redemption from sinking fund installments shall occur on the ARS Interest Payment Date immediately preceding such November 15.

Purchase of Series 2006 Bonds in lieu of Mandatory Sinking Fund Redemption.

If during the twelve-month period immediately preceding a Sinking Fund Installment payment date, Series 2006 Bonds of a Series for which such Sinking Fund Installment has been established have been purchased or redeemed from amounts on deposit under the Bond Indenture for that Series, or if the Series 2006 Bonds of a particular Series have been deposited by Ascension Health with the Bond Trustee, then Series 2006 Bonds shall be allocated first to the next succeeding Sinking Fund Installment for a Series 2006 Bonds, and then as a credit against future Sinking Fund Installments for a Series of the Series 2006 Bonds as Ascension Health may specify in writing.

Extraordinary Redemption

The Series 2006 Bonds of each Series are subject to redemption prior to their respective stated maturities at the option of the Issuer of the Series (which option shall be exercised upon Request of the Senior Credit Group Representative), in whole or in part (in such amounts as may be specified by the Senior Credit Group Representative or, if the Senior Credit Group Representative fails to specify such maturities, in inverse order of maturities, and by lot within a maturity), on any date, from certain moneys derived from hazard insurance or condemnation proceeds received with respect to the facilities of any of the Senior Credit Group Members and deposited in the Special Redemption Account, at a Redemption Price equal to the principal amount of the Series 2006 Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

The Series 2006 Bonds of any Series are also subject to redemption prior to their respective stated maturities at the option of the Issuer of the Series (which option shall be exercised upon Request of the Senior Credit Group Representative), as a whole (but not in part) on any date, at the principal amount thereof and interest accrued thereon (if any) to the date fixed for redemption, without premium, if (i) any Senior Credit Group Member, by reason of final judicial, legislative or administrative action, either is legally required by reason of being party to the Senior Master Indenture or a Loan Agreement or a Senior Credit Group Member or as a condition of continued eligibility for reimbursement under a federal or state program, to operate in any manner that such Senior Credit Group Member in good faith believes to be contrary to the Ethical and Religious Directives (as defined in the Bond Indentures), (ii) a Senior Credit Group Member in good faith believes that there is a substantial threat of its being required to operate contrary to the Ethical and Religious Directives or the principles and beliefs of the Roman Catholic Church, or (iii) as a result of any changes in the Constitution of the United States of America or any state, or legislative or administrative action or inaction by the United States of America or any state, or any agency or political subdivision thereof, or by reason of any judicial decisions there is a good faith determination by any Senior Credit Group Member that (a) the Senior Master Indenture has become void or unenforceable or impossible to perform or (b) unreasonable burdens or excessive liabilities have been imposed on such Senior Credit Group Member, including without limitation, federal, state or other ad valorem property, income or other taxes not being imposed on the Date of Delivery of the Series 2006 Bonds.

Selection of Series 2006 Bonds for Redemption

Whenever provision is made in a Bond Indenture for any Series of Series 2006 Bonds for the redemption of less than all of the Series 2006 Bonds of that Series or any maturity or any given portion thereof, the Bond Trustee shall first select the Series 2006 Bonds of that Series purchased with moneys obtained under a Liquidity Facility, if any, then shall select from all Series 2006 Bonds of that Series subject to redemption or such given portion thereof not previously called for redemption, by lot in any manner which the Bond Trustee in its sole discretion shall deem appropriate and fair.

Notice and Effect of Redemption

Notice of redemption shall be mailed by the Bond Trustee, not less than thirty (30) days nor more than sixty (60) days (except in the case of redemption of Series 2006 Bonds bearing interest at a Weekly Interest Rate or the Bond Interest Term Rates, in which case not less than ten (10) days and except in the case of Series 2006 Bonds bearing interest at an ARS Rate, in which case not less than twenty-five (25) days) prior to the redemption date, to the Holders of Series 2006 Bonds called for redemption. Such notice shall be given to the Holders of Series 2006 Bonds designated for redemption at their addresses appearing on the bond registration books maintained by the

Bond Trustee. Notice shall also be given to each of the securities depositories and securities information services designated by the Senior Credit Group Representative.

Each notice of redemption shall state (i) the date of such notice, (ii) the date of issue of the Series 2006 Bonds, (iii) the redemption date, (iv) the Redemption Price, (v) the place or places of redemption, including the name and address of the Bond Trustee, (vi) the maturity, (vii) the CUSIP numbers, if any, and (viii) in the case of Series 2006 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed.

Any notice of optional redemption may be rescinded by written notice given to the Bond Trustee no later than five (5) Business Days prior to the date specified for redemption. The Bond Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, to the same persons, as notice of redemption was given.

Notice of redemption shall be mailed by the Bond Trustee on behalf of the Issuer, but failure by the Bond Trustee to mail any notice to any one or more of the Holders shall not affect the sufficiency of the proceedings for the redemption of such Series 2006 Bonds with respect to the Holders to whom such notice was mailed. Failure of the Bond Trustee to give notice to any one or more securities information services or depositories designated by the Senior Credit Group Representative or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for redemption.

As long as the book-entry only system is in effect with respect to any Series of Series 2006 Bonds, any redemption notice shall be given to DTC, as Holder of such Series 2006 Bonds.

Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2006 Bonds (or portions thereof) so called for redemption being held by the Bond Trustee, on the redemption date designated in such notice, the Series 2006 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in the notice together with interest accrued thereon to the redemption date. Interest on the Series 2006 Bonds so called for redemption shall cease to accrue on and after the redemption date, such Series 2006 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Bond Indenture, and the Holders of the Series 2006 Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Bond Trustee for such payment. All Series 2006 Bonds which have been redeemed shall be canceled upon surrender thereof.

BOOK-ENTRY ONLY SYSTEM

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2006 Bonds. The Series 2006 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each Series of the Series 2006 Bonds set forth on the pages immediately following the cover page of this Limited Offering Memorandum, each in the aggregate principal amount of such maturity, and will be deposited with DTC. For additional information regarding DTC and its book-entry only system, see **APPENDIX G** hereto.

Limitations

For so long as the Series 2006 Bonds of a Series are registered in the name of DTC or its nominee, Cede & Co., the Issuer of that Series and the Bond Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of Series 2006 Bonds of that Series for all purposes, including payments, notices and voting.

Because DTC is treated as the registered owner of the Series 2006 Bonds for substantially all purposes under the Bond Indentures, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Issuers, to DTC or to the Bond Trustee, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Series 2006 Bonds that may be transmitted by or through DTC.

Under each Bond Indenture, payments made by the Bond Trustee to DTC or its nominee shall satisfy the Issuer's obligations under that Bond Indenture, Ascension Health's obligations under the applicable Loan Agreement and the Senior Credit Group Members' obligations under the applicable Series 2006 Senior Obligation to the extent of the payments so made.

Neither the Issuers, Ascension Health, the other Senior Credit Group Members nor the Bond Trustee shall have any responsibility or obligation with respect to:

(i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2006 Bonds;

(ii) the delivery to any DTC Participant or Indirect Participant or any other Person, other than a registered owner, as shown in the bond register, of any notice with respect to any Series 2006 Bond including, without limitation, any notice of redemption or purchase with respect to any Series 2006 Bond;

(iii) the payment to any DTC Participant or Indirect Participant or any other Person, other than a registered owner, as shown in the bond register, of any amount with respect to the interest on, or Redemption Price or Purchase Price of, any Series 2006 Bond; and

(iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2006 Bonds.

Prior to any discontinuation of the book-entry only system with respect to a Series of the Series 2006 Bonds as hereinabove described, the Issuer of that Series and the Bond Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Series 2006 Bonds of that Series for all purposes whatsoever, including, without limitation:

(i) the payment of interest on that Series of Series 2006 Bonds or the Redemption Price or Purchase Price of a Series 2006 Bond;

(ii) giving notices of redemption and other matters with respect to that Series of the Series 2006 Bonds;

(iii) registering transfers of the Series 2006 Bonds of that Series;

(iv) the selection of Series 2006 Bonds for redemption; and

(v) giving notices of purchase of Series 2006 Bonds.

SECURITY FOR THE SERIES 2006 BONDS

General

The Series 2006 Bonds of each Series are special and limited obligations of the Issuer of that Series, payable solely from the Revenues pledged for their payment under the applicable Bond Indenture, and are secured

(with respect to the Series 2006B Bonds, on a parity with the Additional Indexed Put Bonds) by a pledge and assignment of amounts held in the funds and accounts (other than the Rebate Fund and the Bond Purchase Fund) by the applicable Bond Trustee under the applicable Bond Indenture. Revenues consist primarily of (a) Loan Repayments made by Ascension Health pursuant to each Loan Agreement, which are required to be made in amounts sufficient to pay the principal of and premium, if any, and interest on the related Series of the Series 2006 Bonds (and the Additional Indexed Put Bonds, with respect to the Series 2006B Bonds) when such amounts become due, and (b) payments made by the Senior Obligated Group Members on the related Series 2006 Senior Obligation that secures the applicable Series of the Series 2006 Bonds (and the Additional Indexed Put Bonds, with respect to the Series 2006B Bonds).

Each Issuer will assign its right, title and interest in its Loan Agreement (except for the right to receive any administrative fees and expenses to the extent payable to the Issuer, the right to receive certain notices and give certain consents, and the right of the Issuer to be indemnified pursuant thereto) and its Series 2006 Senior Obligation to the applicable Bond Trustee.

Ascension Health and certain other members of the Senior Obligated Group (as provided in the Senior Master Indenture) granted a security interest to the Senior Master Trustee in their respective "Pledged Revenues" to secure all Senior Obligations outstanding under the Senior Master Indenture, including the Series 2006 Senior Obligations, and to secure the performance by Ascension Health and the other members of the Senior Obligated Group of their obligations under the Senior Master Indenture. The Pledged Revenues consist of certain operating revenues of the members of the Senior Obligated Group that granted such security interests.

No reserve funds have been established under any Bond Indenture. The facilities of Ascension Health and the other Senior Credit Group Members are not pledged as security for the Series 2006 Bonds or for the payment of the Series 2006 Senior Obligation.

The Series 2006 Bonds do not represent or constitute a debt of the Issuers, the States of Alabama or Indiana or any political subdivision thereof within the meaning of the provisions of the Constitution or statutes of these States or a pledge of the faith and credit of the Issuers, those States or any political subdivision thereof, nor are Holders of the Series 2006 Bonds granted any right to have the Issuers, those States or any political subdivision thereof levy any taxes or appropriate any funds for the payment of the principal thereof or the interest or any premium on the Series 2006 Bonds. The Issuers have no taxing powers.

The Senior Master Indenture

The Senior Credit Group. The Senior Credit Group created under the Senior Master Indenture is comprised of the Senior Obligated Group Members, the Senior Designated Affiliates and the Senior Limited Designated Affiliates. The Senior Obligated Group Members and the Senior Limited Designated Affiliates are identified in **APPENDIX A** to this Limited Offering Memorandum. There are no Senior Designated Affiliates on the date of this Limited Offering Memorandum.

All Senior Obligated Group Members are jointly and severally liable for the payment of amounts due on the Senior Obligations, including the Series 2006 Senior Obligations. Neither the Senior Designated Affiliates nor the Senior Limited Designated Affiliates are obligated to make payments on the Senior Obligations.

The Senior Master Indenture permits the Senior Credit Group Representative to designate a Person as a Senior Designated Affiliate and a Senior Obligated Group Member as the "Controlling Member" of that Senior Designated Affiliate for purposes of the Senior Master Indenture. A Controlling Member may, but is not required to, maintain corporate control over the Senior Designated Affiliate. If the Controlling Member does not maintain sufficient corporate control over the Senior Designated Affiliate, the Controlling Member must have in effect contracts or other agreements which the Senior Credit Group Representative and the Controlling Member, in the judgment of their respective Governing Bodies, deem sufficient for the Controlling Member to cause the Senior Designated Affiliate to comply with the terms of the Senior Master Indenture.

The Senior Designated Affiliates are not obligated to make any payments on any Senior Obligation. The Controlling Member has agreed in the Senior Master Indenture to cause each Senior Designated Affiliate to pay, loan or otherwise transfer to the Senior Credit Group Representative amounts necessary to enable the Senior Obligated Group Members to comply with the provisions of the Senior Master Indenture, including the provisions for payments on Senior Obligations.

The Senior Master Indenture further provides that certain Senior Designated Affiliates may be designated by the Senior Credit Group Representative as "Senior Limited Designated Affiliates." A Senior Limited Designated Affiliate's liability to transfer moneys or other assets to the Senior Obligated Group shall be limited to a specified amount set forth in an Officer's Certificate delivered to the Senior Master Trustee upon the designation of the Senior Designated Affiliate as a Senior Limited Designated Affiliate. Ascension Health is the Controlling Member for each of the Senior Limited Designated Affiliates identified in **APPENDIX A**. As of June 30, 2006, the upstream obligations of the Senior Limited Designated Affiliates is limited to $172,523,652. See "**LIST OF MEMBERS OF THE ASCENSION HEALTH SENIOR CREDIT GROUP**" in **APPENDIX A**.

Notwithstanding the foregoing, a Controlling Member may not cause a Senior Designated Affiliate to transfer any property to the Senior Credit Group Representative if the transfer would be inconsistent with state law or would cause the Senior Designated Affiliate to breach the terms of any existing contractual obligations or other commitments, including joint operating agreements and joint ventures. See "**BONDHOLDERS' RISKS – Security and Enforceability – Enforceability of Senior Obligations Under the Senior Master Indenture**."

Senior Obligations. Under the Senior Master Indenture, the Senior Credit Group Representative is authorized to issue, for itself and on behalf of the other Senior Obligated Group Members, Senior Obligations to evidence or secure Indebtedness and other obligations. The Series 2006 Senior Obligations are Senior Obligations issued under the Senior Master Indenture. The Series 2006 Senior Obligation will be secured on a parity with other Senior Obligations issued and outstanding under the Senior Master Indenture.

Security Interest Benefiting the Senior *Obligations.* Ascension Health and certain other members of the Senior Obligated Group granted a security interest to the Senior Master Trustee in their respective "Pledged Revenues" to secure all Senior Obligations outstanding under the Senior Master Indenture, including the Series 2006 Senior Obligations, and to secure the performance by Ascension Health and the other members of the Senior Obligated Group of their obligations under the Senior Master Indenture. The Pledged Revenues consist of certain operating revenues of the members of the Senior Obligated Group that are granting such security interests.

Subordinate Credit Group. Ascension Health, the Senior Obligated Group Members and the Senior Limited Designated Affiliates are also members of the Subordinate Credit Group that was established by the Subordinate Master Indenture among Ascension Health, the Subordinate Obligated Group, and U.S. Bank National Association, as the Subordinate Master Trustee. Ascension Health, as Subordinate Credit Group Representative, has issued Subordinate Obligations under the Subordinate Master Indenture. The aggregate principal amount of the Subordinate Obligations that were outstanding as of June 30, 2006 was $612,235,000.

The Subordinate Master Indenture requires that the members of the Subordinate Credit Group must be identical to the members of the Senior Credit Group.

The security interests in Pledged Revenues and in the Pledged Revenue Fund granted to the Senior Master Trustee are not intended to, and do not secure, the obligations of the Subordinate Credit Group on the Subordinate Obligations, or the obligations of any Subordinate Obligated Group Member under the Subordinate Master Indenture.

Financial Performance Tests. The Senior Master Indenture requires the Senior Credit Group to maintain an Annual Required Debt Service Coverage Ratio of 1.10:1.0, and limits the ability of Ascension Health and the other Senior Credit Group Members to encumber Property. In determining whether the Senior Credit Group has complied with the debt service coverage test in the Senior Master Indenture, the income and assets of all Senior Credit Group Members are included, even though only the Senior Obligated Group Members are obligated on the Senior Obligations.

Changes of the Senior Credit Group Members. Entities may be added to and withdrawn from the Senior Credit Group from time to time. The Senior Master Indenture imposes minimal conditions on the right of any Senior Obligated Group Member or other Senior Credit Group Member to withdraw from the Senior Obligated Group and the Senior Credit Group, respectively, at any time, or to change the status of a Senior Obligated Group Member to that of a Senior Designated Affiliate or a Senior Limited Designated Affiliate.

Additional Senior Obligations. Ascension Health anticipates that various issuers will issue revenue bonds in the future for the benefit of Senior Credit Group Members or other Persons whose obligation thereon may be guaranteed by the Senior Obligated Group. Ascension Health anticipates that it will issue additional Senior Obligations to evidence and secure the obligations of the Senior Obligated Group to repay loans to be made to Ascension Health, other Senior Credit Group Members or to such other Persons from the proceeds of the sale of future revenue bonds. The Series 2006 Senior Obligations will be secured on a parity with Outstanding Senior Obligations and any additional Senior Obligations.

No Restriction on Incurrence of Additional Indebtedness. The Senior Master Indenture does not contain any limitations on the issuance of additional Senior Obligations or Subordinate Obligations, respectively, or the incurrence of additional Indebtedness, including the amount and terms of additional Indebtedness. Additionally, the Senior Master Indenture permits Ascension Health and the other Senior Credit Group Members to provide security for additional Indebtedness, which need not be extended to any other Indebtedness, including Indebtedness secured by the Series 2006 Senior Obligations.

Covenants Against Liens on Property; Permitted Senior Indebtedness. Pursuant to the Senior Master Indenture, each of Ascension Health and the other Senior Obligated Group Members agrees that it will not, and each Controlling Member covenants that it will not permit any of its Senior Designated Affiliates to, create, assume or suffer to exist any Lien upon the Property of the Senior Credit Group to secure Indebtedness, except for Permitted Liens. Permitted Liens include, among other things, Liens on Property existing as of the effective date of the Senior Master Indenture and, with respect to new Senior Obligated Group Members or Senior Designated Affiliates, on the date an entity becomes a Senior Credit Group Member, and any other Liens on Property securing Indebtedness, provided that the aggregate Value of Property subject to Liens securing Indebtedness shall not exceed ten percent (10%) of the total net assets of the Senior Credit Group (as shown on the financial statements of the Senior Credit Group for the most recent fiscal year for which financial statements are available immediately preceding the date that the Lien is created).

No Restriction on Transfer of Assets. The Senior Master Indenture does not contain any limitations on the sale, lease, transfer or disposition of a Senior Credit Group Member's assets, other than certain limited covenants regarding the disposition of substantially all of a Senior Obligated Group Member's assets.

No Requirement of Reserved Powers or Contractual Rights. Each Controlling Member has covenanted in the Senior Master Indenture to cause each Senior Designated Affiliate (other than Senior Limited Designated Affiliates) to pay, loan or otherwise transfer to the Senior Credit Group Representative amounts necessary to enable the Senior Obligated Group Members to comply with the provisions of the Senior Master Indenture, including the provisions for payments on Senior Obligations. This agreement is subject to legal limitations which may render a Controlling Member unable to cause a Senior Designated Affiliate to make such payments or transfer such amounts. The Senior Master Indenture does not contain any specific requirements for the type of powers a Controlling Member must have over the Senior Designated Affiliates or the type of contractual rights or form of contract the Controlling Member must have with the Senior Designated Affiliates. Accordingly, no assurance can be given that the Controlling Member will be able to exercise these powers over the Senior Designated Affiliates. See **"BONDHOLDERS' RISKS – Security and Enforceability – Enforceability of Senior Obligations Under the Senior Master Indenture."**

For a more detailed discussion of covenants of the Senior Obligated Group and the Senior Credit Group under the Senior Master Indenture, see **APPENDIX C –** "**SUMMARY OF PRINCIPAL DOCUMENTS – SENIOR MASTER INDENTURE – Covenants of Each Senior Obligated Group Member**." All capitalized terms used and not defined in this section have the meanings listed in **APPENDIX C –** "**SUMMARY OF PRINCIPAL DOCUMENTS – Definitions of Certain Terms**."

Possible Replacement of the Series 2006 Senior Obligations

At the option of the Senior Credit Group Representative, the Series 2006 Senior Obligation may be replaced with an obligation or obligations issued by a separate group of corporations under a separate master trust indenture, provided that (i) the applicable provisions of the Bond Indentures are satisfied, including the provisions concerning the replacement of the related Series 2006 Senior Obligation and (ii) the Bond Trustee shall receive written confirmation from each rating agency then rating the Series 2006 Bonds that the replacement of the Series 2006 Senior Obligations will not by itself result in a reduction in the then-current ratings on the Series 2006 Bonds. See **APPENDIX C –** "**SUMMARY OF PRINCIPAL DOCUMENTS – SENIOR MASTER INDENTURE**" and " **– BOND INDENTURE**," for a summary of the applicable provisions of the Senior Master Indenture and the Bond Indenture.

Amendments of Bond Indentures and Senior Master Indenture

Each Bond Indenture provides for the modification or amendment of the Bond Indenture from time to time, in certain circumstances without the consent of the Holders of the Series of the Series 2006 Bonds issued and Outstanding under that Bond Indenture and in other circumstances with the consent of the holders of a majority of the principal amount of that Series of the Series 2006 Bonds. Such amendments could be substantial and result in the modification, waiver or removal of any existing covenant or restriction contained in the Bond Indenture or the Senior Master Indenture. Such amendments could adversely affect the security of the Bondholders. See **APPENDIX C –** "**SUMMARY OF PRINCIPAL DOCUMENTS – SENIOR MASTER INDENTURE – Supplements and Amendments**" and " **– BOND INDENTURE – Amendment of Bond Indenture**."

THE SENIOR CREDIT GROUP

Upon the issuance of the Series 2006 Bonds, the Senior Credit Group will consist of 104 nonprofit corporations, as more fully described in **APPENDIX A –** "**LIST OF MEMBERS OF THE ASCENSION HEALTH SENIOR CREDIT GROUP**."

PLAN OF FINANCE

General

The Plan of Finance includes generally, the following elements, which are described in greater detail below:

- Financing or reimbursing Ascension Health for the costs of constructing, improving and equipping facilities of certain Senior Credit Group Members located in the States of Alabama, Florida, Indiana, Tennessee, Texas and Wisconsin.

- The current refunding of revenue bonds secured by Senior Obligations using a portion of the proceeds of the Additional Indexed Put Bonds, the Fixed Rate Bonds and other available funds.

- Refinancing the indebtedness of Tucson Heart Hospital – Carondelet, L.L.C. to Carondelet Health Network, a Senior Credit Group Member, which repaid a note originally incurred to develop, construct, equip and operate a cardiovascular heart hospital in Tucson, Arizona.

See "**ESTIMATED SOURCES AND USES OF FUNDS**."

Concurrent Financing Plans

As part of its plan of finance, Ascension Health anticipates that (i) the Indiana Issuer will issue the Additional Indexed Put Bonds in an aggregate principal amount of $155,630,000 pursuant to the Indiana Bond Indenture, (ii) the Indiana Issuer, the Birmingham Issuer, the Wisconsin Issuer and the Mobile Issuer will issue the

Fixed Rate Bonds in an aggregate principal amount of $601,175,000 and (iv) the Tucson Heart Hospital – Carondelet, L.L.C. will issue the Taxable Notes in an aggregate principal amount of $40,500,000. The proceeds of the Additional Indexed Put Bonds, the Fixed Rate Bonds and the Taxable Notes will be used as described herein.

The Projects

Portions of the proceeds of the Series 2006 Bonds, Additional Indexed Put Bonds and the Fixed Rate Bonds will be used for the payment, or reimbursement to Ascension Health for the payment by it or certain Senior Credit Group Members of the costs of constructing, improving and equipping facilities of the following Senior Credit Group Members. The proceeds of the Taxable Notes will be used to refinance the indebtedness of Tucson Heart Hospital – Carondelet, L.L.C. to Carondelet Health Network, a Senior Credit Group Member which repaid a note originally incurred to develop, construct, equip and operate a cardiovascular heart hospital:

Series 2006B Bonds and the Additional Indexed Put Bonds. The Series 2006B Bonds and the Additional Indexed Put Bonds will finance or reimburse Ascension Health for capital expenditures made by Senior Credit Group Members located in the States of Florida, Indiana, Tennessee and Texas. Such projects include the following major projects:

- *Florida.* On July 1, 2005, St. Vincent's Medical Center ("St. Vincent's"), located in Jacksonville, Florida, purchased from St. Luke's Hospital Association, a Florida not-for-profit corporation, substantially all the property, plant, equipment and inventories of St. Luke's Hospital ("St. Luke's"), a nonprofit hospital located in Jacksonville, Florida and affiliated with the Mayo Clinic. Mayo Clinic has begun construction of a new hospital on its Jacksonville campus with anticipated completion in the spring of 2008. St. Vincent's is leasing the assets of St. Luke's to Mayo Clinic until the new hospital is completed. Upon the completion of Mayo Clinic's new hospital, St. Vincent's will assume the operations of the purchased hospital. Indiana Indexed Put Bond proceeds will be used to refinance commercial paper issued by Ascension Health to pay a portion of the purchase price of St. Luke's.

- *Texas.* Daughters of Charity Health Services of Austin is building a new children's medical center to replace its existing facility. A portion of the construction will be financed and a portion will be paid for through community philanthropy. Michael & Susan Dell Foundation has provided a matching grant of $25 million to support the building and equipping of this new facility, which will be known as the Dell Children's Medical Center of Central Texas. Based in Austin, Texas, the Michael & Susan Dell Foundation was established in December 1999 by the Dell family to help address the growing needs of children.

Series 2006C Bonds. The Series 2006C Bonds will finance or reimburse Ascension Health for capital expenditures made by Senior Credit Group Members located in the State of Alabama. Such projects include the following major project:

- St. Vincent's Hospital in Birmingham, Alabama is constructing a new outpatient tower which will consist of approximately 144,000 square feet of new space to be attached to the main hospital wing. The tower will provide needed clinical space for both outpatient and inpatient functions.

Fixed Rate Bonds. The Fixed Rate Bonds will finance or reimburse Ascension Health for capital expenditures made by Senior Credit Group Members located in Wisconsin. Such projects include the following:

- The Columbia St. Mary's "Building Our Passion" project includes the construction and equipping of a replacement hospital to be located on Milwaukee's east side. The new hospital will replace the Columbia Hospital campus and the St. Mary's Hospital of Milwaukee Lake Drive campus.

- A new bed tower is being constructed at St. Mary's Hospital of Ozaukee in Mequon, Wisconsin.

Taxable Notes. The Taxable Notes will refinance the indebtedness of Tucson Heart Hospital – Carondelet, L.L.C. to Carondelet Health Network, a Senior Credit Group Member, which repaid a note originally incurred to develop, construct, equip and operate a cardiovascular heart hospital in Tucson, Arizona.

Current Refundings

Ascension Health will provide for the current refunding of the outstanding revenue bonds described below (or the portion of those revenue bonds described below) and referred to herein as the Refunded Bonds using a portion of the proceeds of Additional Indexed Put Bonds and the Fixed Rate Bonds. The Refunded Bonds that will be refunded will be redeemed on the dates and at the prices described below.

Refunded Bonds	Refunded By	Redemption Date
Alabama Special Care Facilities Financing Authority of Birmingham Variable Rate Revenue Bonds (Ascension Health Credit Group) Series 1999B	Fixed Rate Bonds	2/13/2007
Alabama Special Care Facilities Financing Authority of the City of Mobile Variable Rate Revenue Bonds (Ascension Health Credit Group) Series 1999B	Fixed Rate Bonds	2/13/2007
Indiana Health Facility Financing Authority Variable Rate Revenue Bonds (Ascension Health Credit Group) Series 1999B	Fixed Rate Bonds	2/13/2007
Indiana Health Facility Financing Authority Revenue Bonds (Ascension Health Credit Group) Series 2001A-3	Fixed Rate Bonds	1/30/2007
Indiana Health Facility Financing Authority Revenue Bonds (Ascension Health Credit Group) Series 2001A-4	Fixed Rate Bonds	3/1/2007
The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee, Revenue Bonds (Ascension Health Credit Group) Series 2001B-2	Additional Indexed Put Bonds	1/3/2007

Interest Rate Swaps

In connection with the issuance of the Fixed Rate Bonds, Ascension Health anticipates that it may enter into interest rate swap transactions with a notional amount up to $632,000,000. In connection with the Series 2006 Bonds and the Additional Indexed Put Bonds, Ascension Health anticipates that it may enter into interest rate swap transactions with a notional amount of $311,260,000. For the Fixed Rate Bonds interest rate swap transactions, Ascension Health will receive a fixed amount and will pay a variable amount based on a market index. For the Series 2006 Bonds and the Additional Indexed Put Bonds interest rate swap agreements, Ascension Health will receive a variable amount based on a market index and pay a fixed amount. The interest rate swap transactions will be secured by Senior Obligations.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of funds related to the transactions described above under the caption, "**PLAN OF FINANCE**."

Sources:	Series 2006 Bonds	Additional Indexed Put Bonds	Fixed Rate Bonds	Taxable Notes	Total
Principal amount of Series 2006 Bonds	$155,630,000	$155,630,000	$601,175,000	$40,500,000	$952,935,000
Plus (net) original issue premium	--	--	29,937,226	--	29,937,226
Plus equity contribution	895,977	895,977	3,911,905	--	5,703,860
Total Sources	$156,525,977	$156,525,977	$635,024,131	$40,500,000	$988,576,086
Uses:					
Project costs[1]	$155,630,000	$58,770,000	$125,000,000	$40,155,141	$379,555,141
Refunding of Refunded Bonds	--	96,859,546	506,109,349	--	602,968,895
Costs of Issuance[1]	895,977	896,431	3,914,783	344,859	6,052,050
Total Uses	$156,525,977	$156,525,977	$635,024,131	$40,500,000	$988,576,086

1) Includes certain fees and expenses of legal counsel, accountants, the Issuers, the Bond Trustee, the Senior Master Trustee, the Placement Agent and other placement agents, the underwriters, the rating agencies and the cost of printing.
Note: Numbers in certain columns and rows may not add due to rounding.

CONTINUING DISCLOSURE

The Senior Credit Group Representative, on behalf of itself and the other Senior Credit Group Members, has undertaken all responsibilities for any continuing disclosure to Holders of the Series 2006 Bonds as described below, and the Issuers shall have no liability to the Holders of the Series 2006 Bonds or any other person with respect to Securities and Exchange Commission Rule 15c2-12.

The Senior Credit Group Representative on behalf of itself and the other Senior Obligated Group Members, has covenanted for the benefit of Holders and Beneficial Owners of the Series 2006 Bonds to provide, in an Annual Report, certain financial information and operating data relating to the Senior Credit Group no later than 180 days following the end of the Senior Credit Group Representative's fiscal year, commencing with the report for the 2007 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material. The Senior Credit Group Representative has also covenanted to provide, in a Quarterly Report, quarterly unaudited financial information for the first three quarters of each fiscal year relating to the Senior Credit Group no later than 60 days following the end of each of the first three quarters of the Senior Credit Group Representative's fiscal year. The Annual Report and the Quarterly Report will be filed by the Bond Trustee (or the Senior Credit Group Representative or a dissemination agent appointed by the Senior Credit Group Representative) on behalf of the Senior Credit Group Representative with each Nationally Recognized Municipal Securities Information Repository, or NRMSIR, and with the relevant state repository, or SID, if any. The notices of material events will be filed by the Bond Trustee (or the Senior Credit Group Representative or other dissemination agent) on behalf of the Senior Obligated Group with the NRMSIRs and SIDs. The specific nature of the information to be contained in the Annual Report and the notices of material events is described in **APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENTS**."

Ascension Health has made quarterly financial information available on its website at www.ascensionhealth.org. No information found on Ascension Health's website and no information accessed from

BONDHOLDERS' RISKS

General

Except as noted herein, the Series 2006 Bonds of each Series are payable solely from the money and investments in funds held under its Bond Indenture to be funded primarily from moneys to be received by the Bond Trustee, as assignee of the Issuer of the Series, from Loan Repayments made under the related Loan Agreement and from payments to be made on the related Series 2006 Senior Obligation by Ascension Health and any other Senior Obligated Group Members. No representation or assurance can be made that revenues will be realized by Ascension Health or the Senior Credit Group Members in amounts sufficient to pay maturing principal and interest due on the Series 2006 Senior Obligations and the Series 2006 Bonds or to make the other payments required by the Loan Agreements, including the payment of the Redemption Price of the Series 2006 Bonds. Future economic and other conditions, including inflation, demand for health care services, the ability of the Senior Credit Group Members to provide the services required or requested by patients, physicians' confidence in the Senior Credit Group Members, economic developments in their respective service areas, employee relations and unionization, competition, the level of rates or charges, increased costs, availability of professional liability insurance, hazard losses, third-party reimbursement and changes in governmental regulation may adversely affect revenues and expenses and, consequently, payment of amounts due on or with respect to the Series 2006 Bonds.

The practical realization of any rights upon any default under the Loan Agreements and the Senior Master Indenture will depend upon the exercise of various remedies specified in these instruments, as restricted by federal and state laws. The federal bankruptcy laws may have an adverse effect on the ability of the Bond Trustee and the Holders of the Series 2006 Bonds to enforce their claim to liens granted by the Bond Indentures.

The operations of the health care industry and the ownership and organization of individual participants therein, including Ascension Health and the Senior Credit Group Members, have been subject to increasing scrutiny by federal, state and local governmental agencies. In response to perceived abuses and actual violations of the terms of existing federal, state and local health care payment programs, these agencies have increased their audit and enforcement activities, and federal and state legislation has been considered or enacted providing for or expanding existing civil and criminal penalties against certain activities. In addition, federal, state and local agencies have increased their scrutiny of transactions involving not-for-profit, tax-exempt organizations and are focusing in particular upon limitations on the use of charitable assets and revenues.

The Senior Master Indenture contains few limitations or conditions upon transactions involving Senior Credit Group Members. A governmental agency may determine that a transaction may have violated applicable laws and may proceed to enjoin the transaction or impose civil or criminal penalties, notwithstanding the fact that the transaction may have been permitted by the Senior Master Indenture. Violations of these laws may have a material adverse effect on the operations and financial condition of the Senior Credit Group.

Certain of the factors that could affect the Series 2006 Bonds and the future financial condition of the Senior Credit Group are described below. This discussion of risk factors is not, and is not intended to be, exhaustive.

Nonprofit Healthcare Environment

Nearly all of the Senior Credit Group Members are nonprofit corporations, exempt from federal income taxation as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. As nonprofit tax-exempt organizations, the Senior Credit Group Members are subject to federal, state and local laws, regulations, rulings and court decisions relating to their organization and operation, including their operation for religious and charitable purposes. At the same time, the Senior Credit Group Members conduct large-scale complex business transactions and are often the major employers in their geographic areas. There can often be a tension between the rules designed to regulate a wide range of charitable organizations and the day-to-day operations of a complex, multi-state healthcare organization.

Recently, an increasing number of the operations or practices of healthcare providers have been challenged or questioned to determine if they are consistent with the regulatory requirements for nonprofit tax-exempt organizations. These challenges are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead in many cases are examinations of core business practices of the healthcare organizations. Areas which have come under examination have included pricing practices, billing and collection practices, charitable care, executive compensation, exemption of property from real property taxation, and others. These challenges and questions have come from a variety of sources, including state attorneys general, the Internal Revenue Service, labor unions, Congress, state legislatures, and patients, and in a variety of forums, including hearings, audits and litigation. These challenges or examinations include the following, among others:

Congressional Hearings. The House Committee on Energy and Commerce (the "House Committee") has launched a nationwide investigation of hospital billing and collection practices and prices charged to uninsured patients. Twenty large hospital and healthcare systems (including Ascension Health) were requested by the House Committee to provide detailed historical charge and billing practice information for acute care services. The Subcommittee on Oversight and Investigations of the House Committee conducted hearings in the summer of 2004 at which a number of representatives of the healthcare industry and others testified, including the Chief Executive Officer of Ascension Health. Additional hearings began in March of 2006. It is uncertain if the House Committee will recommend legislative changes as a result of its investigation.

The Senate Finance Committee also conducted hearings on required reforms to the nonprofit sector in the summer of 2004. At the hearing, the Senate Finance Committee released a staff discussion draft on proposals for reform in the area of tax-exempt organizations, including a proposal for a five-year review of tax-exempt status by the Internal Revenue Service. Such hearings have continued in 2006. It is uncertain if any of the staff proposals will be adopted by the entire Senate Finance Committee or if the Senate Finance Committee will recommend legislative changes as a result of the hearing.

On May 25, 2005, ten hospitals and hospital systems throughout the United States received a letter from Senator Chuck Grassley, Chairman of the Senate Finance Committee requesting certain information about general operating issues, including charitable activities, patient billing and ventures with for-profit companies. According to a press release issued by the Senate Finance Committee, the letter is part of the Senate Finance Committee's continued review of the non-profit sector and the federal tax laws relating to the non-profit industry.

In March, 2006, Senator Grassley as part of his continued examination of nonprofit hospitals and their tax-exempt status, sent letters to the American Hospital Association and the Catholic Health Association requesting information from those organizations on a variety of issues, including community benefit, charity care and certain nonprofit hospital practices. In June, 2006, Senator Grassley sent letters to the Chief Counsel of the Internal Revenue Service and Commissioner for Tax Exempt and Governmental Entities, calling for increased scrutiny of the nonprofit sector, particularly tax-exempt hospitals. On September 13, 2006, a new hearing was called to examine the billing and collection practices of nonprofit hospitals.

The review of nonprofit organizations, and in particular healthcare organizations, by the Senate Finance Committee is continuing. It is uncertain whether the Senate Finance Committee will recommend legislative changes as a result of its inquiries.

Complementary to the Senate Finance Committee hearings, the House Committee on Ways and Means (the "Ways and Means Committee") held a hearing in April, 2005 to examine the tax-exempt sector. In May, 2005, the Ways and Means Committee conducted a hearing that focused more specifically on hospital tax-exemption. On March 16, 2006, the Ways and Means Committee's subcommittee on select revenue measures held a hearing on the use of tax-preferred bond financing. It is uncertain whether the Ways and Means Committee will recommend legislative changes as a result of its inquiries.

Internal Revenue Service Examination of Compensation Practices. In August 2004, the Internal Revenue Service announced a new enforcement effort to identify and halt abuses by tax-exempt organizations that pay excessive compensation and benefits to their officers and other insiders. The IRS announced that it would contact nearly 2,000 charities and foundations to seek more information about their compensation practices and procedures. The IRS began its enforcement project at the end of July, 2004 and it has continued into 2006. Neither Ascension Health nor any Senior Credit Group Member has been contacted by the IRS in connection with this enforcement effort.

Litigation Relating to Billing and Collection Practices. Lawsuits have been filed against various nonprofit health care providers in federal and state courts across the country regarding billing and collection practices relating to the uninsured. The lawsuits are premised on the notion that federal and state laws require nonprofit health care providers to provide certain levels of free or discounted health care to the uninsured. Thus, the plaintiffs in those lawsuits have alleged, among other things, that the defendants violated federal and state law by billing the uninsured at undiscounted rates, that the medical bills the defendants sent to the uninsured are inflated, and that the defendants engaged in unfair debt collection practices.

Certain Senior Credit Group Members were initially named as defendants in separate actions filed in 2004. All of these cases were subsequently dismissed.

Challenges to Real Property Tax Exemptions. Recently, the real property tax exemptions afforded to certain nonprofit healthcare providers by state and local taxing authorities have been challenged on the grounds that the healthcare providers were not engaged in charitable activities. These challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices and excessive financial margins. While Ascension Health is not aware of any current challenge to the tax exemption afforded to any material real property of the Senior Credit Group Members, there can be no assurance that these types of challenges will not occur in the future.

The foregoing are some examples of the challenges and examinations facing nonprofit healthcare organizations. They are indicative of a greater scrutiny of the billing, collection and other business practices of these organizations, and may indicate an increasingly more difficult operating environment for healthcare organizations, including the Senior Credit Group. The challenges and examinations, and any resulting legislation, regulations, judgments, or penalties, could have a material adverse effect on the Senior Credit Group.

Security and Enforceability

Enforceability of Senior Obligations Under the Senior Master Indenture

In determining whether various covenants and tests contained in the Senior Master Indenture are met, the accounts of the Senior Credit Group Members will be combined, notwithstanding that Senior Designated Affiliates are not obligated on the Senior Obligations and that uncertainties exist as to the enforceability of certain obligations of the Senior Credit Group Members contained in the Senior Master Indenture which bear on the availability of the revenues of the Senior Credit Group Members for payment of amounts due on the Senior Obligations, including the Series 2006 Senior Obligations issued as security for the Series 2006 Bonds.

The joint and several obligation described herein of each Senior Obligated Group Member to make payments of debt service on a Senior Obligation, the proceeds of which Senior Obligation were not loaned or otherwise made available to that Senior Obligated Group Member, or the obligation of a Senior Designated Affiliate to transfer funds to the Senior Credit Group Representative for purposes of making payments on Senior Obligations, may not be enforceable to the extent that the payments (i) will be made on a Senior Obligation issued for a purpose that is not consistent with the charitable purposes of the entity from which the payment or transfer is requested or is subject to the application of charitable trust principles or state laws, regulations, policies or procedures which may vary from jurisdiction to jurisdiction; (ii) will be made from any property that is donor restricted or that is subject to a direct or express trust that does not permit the use of the property for payments; (iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the entity

from which payment or transfer is requested; or (iv) will be made pursuant to any loan violating applicable usury laws. Due to the absence of clear legal precedent in this area, the extent to which the property of any Senior Obligated Group Member or Senior Designated Affiliate may be applied or transferred as described above cannot be determined and could be substantial.

A Senior Credit Group Member, including a Senior Obligated Group Member, may not be required to make payments on a Senior Obligation or transfers for the purpose of making payment on a Senior Obligation to the extent issued by or for the benefit of another Senior Credit Group Member to the extent that any payment or transfer would render the paying or transferring Senior Credit Group Member insolvent or would conflict with, not be permitted by or would be subject to recovery for the benefit of other creditors of the Senior Credit Group Member under applicable fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights. There is no clear precedent in the law as to whether payments by any Senior Obligated Group Member on a Senior Obligation or transfers by Senior Designated Affiliates of funds for the purpose of making payments on a Senior Obligation issued by or for the benefit of another Senior Credit Group Member or other person may be avoided by a trustee in bankruptcy in the event of a bankruptcy of the Senior Obligated Group Member or Senior Designated Affiliate or by third party creditors in an action brought pursuant to fraudulent conveyances statutes of the states in which the Senior Obligated Group Member or Senior Designated Affiliate is incorporated or doing business. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under fraudulent conveyances statutes of the states in which the Senior Credit Group Members are incorporated or doing business, a creditor of a guarantor may avoid any obligation incurred by a guarantor, if, among other bases therefor, (i) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty, and (ii) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or fraudulent conveyances statutes of the applicable states, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force any Senior Obligated Group Member to pay debt service on a Senior Obligation issued by or for the benefit of another entity, a court might not enforce the obligation in the event it is determined that the paying entity is analogous to a guarantor and that fair consideration or reasonably equivalent value for the guaranty was not received and that the incurrence of the obligation has rendered and will render the paying entity insolvent or the paying entity is or will thereby become undercapitalized.

There exists, in addition to the foregoing, common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a not-for-profit corporation or undertake supervision of its affairs on various grounds, including a finding that the corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out its purposes. Such court action may arise on the court's own motion or pursuant to a petition of the Attorney General of a particular state or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

Amendments to Senior Master Indenture, Bond Indentures and Loan Agreements

Certain amendments to the Senior Master Indenture may be made with the consent of the holders of not less than a majority of the principal amount of outstanding Senior Obligations. These amendments may adversely affect the security of the Holders of the Series 2006 Bonds, and a majority may be composed wholly or partially of the holders of Senior Obligations other than the Series 2006 Senior Obligations. Certain amendments to each Bond Indenture and each Loan Agreement may be made with the consent of the Holders of not less than a majority of the outstanding principal amount of the Series of the Series 2006 Bonds outstanding under the Bond Indenture. Such amendments may adversely affect the security of the Holders of the Series of the Series 2006 Bonds.

Availability of Remedies

The remedies available to the Bond Trustee, the Senior Master Trustee, the Issuers and the Holders of the Series 2006 Bonds upon an event of default under the Bond Indentures, the Senior Master Indenture, the Loan Agreements and the Series 2006 Senior Obligations are in many respects dependent upon judicial actions which are

often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, the United States Bankruptcy Code, the remedies provided in the Bond Indentures, the Senior Master Indenture, the Loan Agreements and the Series 2006 Senior Obligations may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2006 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors' generally and laws relating to fraudulent conveyances.

Bankruptcy

In the event of bankruptcy of a Senior Obligated Group Member, the rights and remedies of the Holders of the Series 2006 Bonds are subject to various provisions of the United States Bankruptcy Code. If a Senior Obligated Group Member were to commence a proceeding in bankruptcy, payments made by that Senior Obligated Group Member during the 90-day (or, in some circumstances, one-year) period immediately preceding the commencement may be avoided as preferential transfers to the extent payments allow the recipients thereof to receive more than they would have received in the event of the Senior Obligated Group Member's liquidation and the other requirements set forth in Section 547(b) of the United States Bankruptcy Code have been met. Security interests and other liens granted to or perfected by a Bond Trustee or the Senior Master Trustee during the preference period may also be avoided as preferential transfers to the extent the security interest or other lien secures obligations that arose prior to the date of the grant or perfection. Such a bankruptcy filing would result in the imposition of an automatic stay of the commencement or continuation of any judicial or other proceeding against the Senior Obligated Group Member and its property, and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over its property as well as various other actions to enforce, maintain or enhance the rights of a Bond Trustee and the Senior Master Trustee. If the bankruptcy court so ordered, the property of the Senior Obligated Group Member could be used for the reorganization of the Senior Obligated Group Member despite any security interest of the Bond Trustee therein. The rights of the Bond Trustee and the Senior Master Trustee to enforce their respective interests and other liens could be delayed or altered during the pendency of the reorganization.

Such Senior Obligated Group Member could file a plan for the adjustment of its debts in any bankruptcy proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by a court, would bind all creditors who had notice or knowledge of the plan and, with certain exceptions, discharges all claims against the debtor to the extent provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are conditions that the plan be feasible and that it shall either have been accepted by each class of claims impaired thereunder or, if the plan is not so accepted, the court shall have determined that the plan is fair and equitable with respect to each class of nonaccepting creditors impaired thereunder and does not discriminate unfairly. A class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the class cast votes in its favor.

In addition, the bankruptcy of a health plan or physician group that is a party to a significant managed care arrangement with one or more of the Senior Credit Group Members could have material adverse effects on the Senior Credit Group Member or Senior Credit Group Members.

In the event of bankruptcy or insolvency of a Senior Obligated Group Member, there is no assurance that certain covenants, including tax covenants, contained in the Bond Indentures, the Loan Agreements or Senior Master Indenture and certain other documents would survive. Accordingly, a debtor or bankruptcy trustee could take action that would adversely affect the exclusion of interest on the Series 2006 Bonds from gross income of the Bondholders for federal income tax purposes.

The bankruptcy of a Senior Designated Affiliate would not trigger an event of default under the Senior Master Indenture, the Bond Indentures or the Loan Agreements, but the bankruptcy of a Senior Designated Affiliate could have a material adverse effect on the Senior Credit Group. If a Senior Designated Affiliate were to file for bankruptcy and had no contractual obligation to make payments to the Senior Credit Group Representative, neither Ascension Health, the Controlling Member of the Senior Designated Affiliate nor the Senior Master Trustee would be able to file a claim in a bankruptcy proceeding involving the Senior Designated Affiliate for the payment of any

amounts due on the Senior Obligations. In addition, in the event a Senior Designated Affiliate's Controlling Member were to become a debtor in a bankruptcy case, Ascension Health or the other Controlling Member, as debtor-in-possession, or a trustee in bankruptcy, may not be able to cause the Senior Designated Affiliate to transfer funds to the Senior Credit Group Representative or the trustee in bankruptcy.

Patient Service Revenues

Net patient revenues realized by the Senior Credit Group are derived from a variety of sources and will vary among the individual facilities owned and operated by the Senior Credit Group Members and also among the various market areas and regions in which the facilities are located. Certain facilities and regions may realize substantially more revenues from private payment programs, such as managed care organizations, than do others.

A substantial portion of the net patient service revenues of the Senior Credit Group is derived from third-party payors which pay for the services provided to patients covered by third parties for services. These third-party payors include the federal Medicare program, state Medicaid programs and private health plans and insurers, including health maintenance organizations and preferred provider organizations. Many of those programs make payments to Members of the Senior Credit Group in amounts that may not reflect the direct and indirect costs of the Members of providing services to patients.

The financial performance of the Senior Credit Group has been and could be in the future adversely affected by the financial position or the insolvency or bankruptcy of or other delay in receipt of payments from third-party payors that provide coverage for services to their patients.

Medicare and Medicaid Programs

Approximately 36% and 9% of the net patient service revenue of Ascension Health for the fiscal year ended June 30, 2006 were derived from the Medicare program and Medicaid programs, respectively. See the information in **APPENDIX A** under the caption "**FINANCIAL AND OPERATING INFORMATION – Sources of Revenue**." Medicare and Medicaid are the commonly used names for reimbursement or payment programs governed by certain provisions of the federal Social Security Act. Medicare is an exclusively federal program, and Medicaid is a combined federal and state program. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, blind, disabled or qualify for the End Stage Renal Disease Program. Medicare Part A covers inpatient hospital services, skilled nursing care and some home health care, and Medicare Part B covers physician services and some supplies. Medicaid is designed to pay providers for care given to the medically indigent and others who receive federal aid. Medicaid is funded by federal and state appropriations and administered by the various states.

Medicare

Medicare is a federal governmental health insurance system under which physicians, hospitals and other health care providers are reimbursed or paid directly for services provided to eligible elderly and disabled persons. Medicare is administered by the Centers for Medicare and Medicaid Services, or CMS, of the federal Department of Health and Human Services. In order to achieve and maintain Medicare certification, a health care provider must meet CMS's "Conditions of Participation" on an ongoing basis, as determined by the state in which the provider is located and/or the Joint Commission for Accreditation of Healthcare Organizations, or JCAHO.

The Senior Credit Group depends significantly on Medicare as a source of revenue. Because of this dependence, changes in the Medicare program may have a material effect on the Senior Credit Group. For example, Medicare program changes resulting from the Balanced Budget Act of 1997, as subsequently amended and modified, have limited increases in Medicare payments that were otherwise provided by law, and/or reduced Medicare payment or reimbursement for certain health care services provided to Medicare beneficiaries. The Balanced Budget Act of 1997 has had and will continue to have a significant negative effect on acute care hospitals and other Medicare providers. Future reductions in Medicare reimbursement, or increases in Medicare reimbursement in amounts less than increases in the costs of providing care, may have a material adverse financial effect on the Senior Credit Group.

A substantial portion of the Medicare revenues of the Senior Credit Group is derived from payments made for services rendered to Medicare beneficiaries under a prospective payment system, or PPS. Under a prospective payment system, the amount paid to the provider for an episode of care is established by federal regulation and is not related to the provider's charges or costs of providing that care. Presently, inpatient and outpatient services, skilled nursing care, and home health care are paid on the basis of a prospective payment system. Under inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient's assigned diagnosis related group, or DRG. DRGs classify treatments for illnesses according to the estimated intensity of hospital resources necessary to furnish care for each principal diagnosis. All services paid under the PPS for hospital outpatient services are classified into groups called ambulatory payment classifications, or APCs. Services in each APC are similar clinically and in terms of the resources they require. A payment rate is established for each APC. The capital component of care is paid on a fully prospective basis.

PPS-exempt hospitals and units (inpatient psychiatric, rehabilitation and long-term hospital services) are currently reimbursed for their reasonable costs, subject to a cost per discharge target. These limits are updated annually by an index generally based upon inflationary increases in costs of providing health care services.

From time to time, the factors used in calculating the prospective payments for units of service are modified by CMS, which may reduce revenues for particular services. Additionally, as part of the federal budgetary process, Congress has regularly amended the Medicare law to reduce increases in payments that are otherwise scheduled to occur, or to provide for reductions in payments for particular services. These actions have adversely affected the revenues of the Senior Credit Group.

Additional payments may be made to individual providers. Hospitals that treat a disproportionately large number of low-income patients (Medicaid and Medicare patients eligible to receive supplemental Social Security income) currently receive additional payments in the form of disproportionate share payments. Additional payments are made to hospitals that treat patients who are costlier to treat than the average patient; these additional payments are referred to as "outlier payments." Hospitals are paid for a portion of their direct and indirect medical education costs. These additional payments are also subject to reductions and modifications in otherwise scheduled increases as a result of amendments to relevant statutory provisions.

The costs of providing a unit of care may exceed the revenues realized from Medicare for providing that service. Additionally, the aggregate costs to a provider of providing care to Medicare beneficiaries may exceed aggregate Medicare revenues received during the relevant fiscal period.

Medicaid

Medicaid is a health insurance program for certain low-income and needy individuals that is jointly funded by the federal government and the states. Pursuant to broad federal guidelines, each state establishes its own eligibility standards; determines the type, amount, duration, and scope of services; sets the payment rates for services; and administers its own programs.

Under the Medicaid program, the federal government supplements funds provided by the various states for medical assistance to the medically indigent. Payment for medical and health services is made to providers in amounts determined in accordance with procedures and standards established by state law under federal guidelines. Fiscal considerations of both federal and state governments in establishing their budgets will directly affect the funds available to the providers for payment of services rendered to Medicaid beneficiaries.

Private Health Plans and Managed Care

Managed care plans generally use discounts and other economic incentives to reduce or limit the cost and utilization of health care services. Payments to the Senior Credit Group from managed care plans typically are lower than those received from traditional indemnity/commercial insurers. Defined broadly, for the fiscal year ended June 30, 2006, managed care payments constituted approximately 24% of the net patient service revenues of the Senior Credit Group. There is no assurance that the members of the Senior Credit Group will maintain managed care contracts or obtain other similar contracts in the future. Failure to maintain contracts could have the effect of

reducing the market share of a member of the Senior Credit Group and the Senior Credit Group's net patient services revenues. Conversely, participation may maintain or increase the patient base but could result in lower net income or operating losses to the Senior Credit Group if the members are unable to adequately contain their costs.

Many preferred provider organizations, or PPOs, and health maintenance organizations, or HMOs, currently pay providers on a negotiated fee-for-service basis or on a fixed rate per day of care, which, in each case, usually is discounted from the typical charges for the care provided. The discounts offered to HMOs and PPOs may result in payment to a provider that is less than its actual cost. Additionally, the volume of patients directed to a hospital may vary significantly from projections, and/or changes in the utilization of certain services offered by the provider may be dramatic and unexpected, thus further jeopardizing the provider's ability to contain costs.

Some HMOs employ a "capitation" payment method under which hospitals are paid a predetermined periodic rate for each enrollee in the HMO who is "assigned" or otherwise directed to receive care at a particular hospital. In a capitation payment system, the hospital assumes a financial risk for the cost and scope of care given to the HMO's enrollees. In some cases, the capitated payment covers total hospital patient care provided. However, if payment under an HMO or PPO contract is insufficient to meet the hospital's costs of care or if utilization by enrollees materially exceeds projections, the financial condition of the hospital could erode rapidly and significantly.

As a consequence of the above factors, the effect of managed care on the Senior Credit Group's financial condition is difficult to predict and may be different in the future than the financial statements for the current periods reflect.

Regulatory Environment

Licensing, Surveys, Investigations and Audits

Health facilities, including those of the Senior Credit Group, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements relating to Medicare Conditions of Participation, requirements for participation in Medicaid, state licensing agencies, private payors and the accreditation standards of JCAHO. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require affirmative actions by a member of the Senior Credit Group.

Ascension Health management currently anticipates no difficulty renewing or continuing currently held licenses, certifications or accreditations, nor does management anticipate a reduction in third-party payments from events that would materially adversely affect the operations or financial condition of the Senior Credit Group. Nevertheless, actions in any of these areas could result in the loss of utilization or revenues, or the ability of a member of the Senior Credit Group to operate all or a portion of its health care facilities, and consequently, could have a material and adverse effect on the Senior Credit Group.

Civil and Criminal Fraud and Abuse Laws and Enforcement

Federal and state health care fraud and abuse laws regulate both the provision of services to government program beneficiaries and the methods and requirements for submitting claims for services rendered to beneficiaries. Under these laws, individuals and organizations can be penalized for submitting claims for services that are not provided, billed in a manner other than as actually provided, not medically necessary, provided by an improper person, accompanied by an illegal inducement to utilize or refrain from utilizing a service or product, or billed in a manner that does not otherwise comply with applicable government requirements.

Federal and state governments have a range of criminal, civil and administrative sanctions available to penalize and remediate healthcare fraud and abuse, including exclusion of the provider from participation in the Medicare/Medicaid programs, fines, civil monetary penalties, and suspension of payments and, in the case of individuals, imprisonment. Fraud and abuse may be prosecuted by one or more government entities and/or private individuals, and more than one of the available penalties may be imposed for each violation.

Laws governing fraud and abuse apply to all individuals and healthcare enterprises with which a hospital does business, including other hospitals, home health agencies, long term care entities, infusion providers, pharmaceutical providers, insurers, health maintenance organizations, preferred provider organizations, third party administrators, physicians, physician groups, and physician practice management companies. Fraud and abuse prosecutions can have a catastrophic effect on a provider and potentially a material adverse impact on the financial condition of other entities in the healthcare delivery system of which that entity is a part.

Based upon the prohibited activity in which the provider has engaged, governmental agencies and officials may bring actions against providers under civil or criminal False Claims Acts, statutes prohibiting referrals for compensation or fee-splitting, or the "Stark law," which prohibits certain referrals by a physician to certain organizations in which the physician has a financial relationship. The civil and criminal monetary assessments and penalties may be substantial. Additionally, the provider may be denied participation in the Medicare and/or Medicaid programs. If and to the extent any member of the Senior Credit Group engaged in a prohibited activity and judicial or administrative proceedings concluded adversely to the member, the outcome could materially affect the Senior Credit Group.

The members of the Senior Credit Group have internal policies and procedures and have developed and implemented a compliance program that management believes will effectively reduce exposure for violations of these laws. However, because the government's enforcement efforts presently are widespread within the industry and may vary from region to region, there can be no assurance that the compliance program will significantly reduce or eliminate the exposure of the Senior Credit Group to civil or criminal sanctions or adverse administrative determinations.

Review of Outlier Payments

CMS has recently announced that it intends to review health care providers that are receiving large proportions of their Medicare revenues from outlier payments. Health care providers found to have obtained inappropriately high outlier payments will be subject to further investigation by the CMS Program Integrity Unit and potentially the Office of Inspector General. Management of Ascension Health does not believe that any potential review of the Senior Credit Group Members would materially adversely affect the Senior Credit Group's results of operations.

Patient Records and Patient Confidentiality

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") addresses the confidentiality of individuals' health information. Disclosure of certain broadly defined protected health information is prohibited unless expressly permitted under the provisions of the HIPAA statute and regulations or authorized by the patient. HIPAA's confidentiality provisions extend not only to patient medical records, but also to a wide variety of health care clinical and financial settings where patient privacy restrictions often impose new communication, operational, accounting and billing restrictions. These add costs and create potentially unanticipated sources of legal liability.

HIPAA imposes civil monetary penalties for violations and criminal penalties for knowingly obtaining or using individually identifiable health information. The penalties range from $50,000 to $250,000 and/or imprisonment if the information was obtained or used with the intent to sell, transfer or use the information for commercial advantage, personal gain or malicious harm.

Patient Transfers

A federal "anti-dumping" statute imposes certain requirements that must be met before transferring a patient to another facility. Failure to comply with the law can result in exclusion from the Medicare and/or Medicaid programs as well as civil and criminal penalties. Failure of any Member of the Senior Credit Group to meet its responsibilities under the law could adversely affect the financial conditions of that Member.

Environmental Laws and Regulations

The Senior Credit Group's health care operations generate medical waste that must be disposed of in compliance with federal, state and local environmental laws, rules and regulations. The Senior Credit Group's operations, as well as the Senior Credit Group's purchases and sales of facilities, also are subject to compliance with various other environmental laws, rules and regulations. The Senior Credit Group anticipates that compliance will not materially affect the Senior Credit Group's business, financial condition or results of operations.

Management is not aware of any pending or threatened claim, investigation or enforcement action regarding environmental issues or any instance of contamination that, if determined adversely to a Member of the Senior Credit Group, would have material adverse consequences to the Senior Credit Group.

Certain Business Transactions

Physician Relations

The primary relationship between a hospital and physicians who practice in it is through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have his or her privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges, or who have membership or privileges curtailed, denied or revoked often file legal actions against hospitals. Such action may include a wide variety of claims, some of which could result in substantial uninsured damages to a hospital. In addition, failure of the hospital governing body to adequately oversee the conduct of the medical staff may result in hospital liability to third parties. All hospitals, including those owned and operated by the members of the Senior Credit Group, are subject to such risk.

Physician Contracting

The Members of the Senior Credit Group may contract with physician organizations (such as independent physician associations and physician-hospital organizations) to arrange for the provision of physician and ancillary services. Because physician organizations are separate legal entities with their own goals, obligations to shareholders, financial status, and personnel, there are risks involved in contracting with the physician organizations.

The success of the Senior Credit Group will be partially dependent upon its ability to attract physicians to join the physician organizations and to participate in their networks, and upon the ability of the physicians, including the employed physicians, to perform their obligations and deliver high quality patient care in a cost-effective manner. There can be no assurance that the members of the Senior Credit Group will be able to attract and retain the requisite number of physicians, or that physicians will deliver high quality health care services. Without paneling a sufficient number and type of providers, the Senior Credit Group could fail to be competitive, could fail to keep or attract payor contracts, or could be prohibited from operating until its panel provided adequate access to patients. Such occurrences could have a material adverse effect on the business or operations of the Senior Credit Group.

Affiliations, Merger, Acquisition and Divestiture

The members of the Senior Credit Group evaluate and pursue potential acquisition, merger and affiliation candidates as part of the overall strategic planning and development process. As part of its ongoing planning and property management functions, the Senior Credit Group reviews the use, compatibility and business viability of many of the operations of the members, and from time to time the members may pursue changes in the use of, or disposition of, their facilities. Likewise, members of the Senior Credit Group occasionally receive offers from, or conduct discussions with, third parties about the potential acquisition of operations and properties which may become subsidiaries or Affiliates of members of the Senior Credit Group in the future, or about the potential sale of some of the operations or property which are currently conducted or owned by the members. Discussion with respect to affiliation, merger, acquisition, disposition or change of use of facilities, including those which may affect the members, are held from time to time with other parties. These may be conducted with acute care hospital

facilities and may be related to potential affiliation with a member of the Senior Credit Group. As a result, it is possible that the current organization and assets of the members may change from time to time.

In addition to relationships with other hospitals and physicians, the members of the Senior Credit Group may consider investments, ventures, affiliations, development and acquisition of other health care-related entities. These may include home health care, long-term care entities or operations, infusion providers, pharmaceutical providers, and other health care enterprises that support the overall operations of the members of the Senior Credit Group. In addition, the members of the Senior Credit Group may pursue transactions with health insurers, HMOs, preferred provider organizations, third-party administrators and other health insurance-related businesses. Because of the integration occurring throughout the health care field, management will consider these arrangements if there is a perceived strategic or operational benefit for the Senior Credit Group. Any initiative may involve significant capital commitments and/or capital or operating risk (including, potentially, insurance risk) in a business in which the members of the Senior Credit Group may have less expertise than in hospital operations. There can be no assurance that these projects, if pursued, will not lead to material adverse consequences to the Senior Credit Group.

Antitrust

Enforcement of antitrust laws against health care providers is becoming more common, and antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, third party contracting, physician relations, and joint venture, merger, affiliation and acquisition activities. While the application of federal and state antitrust laws to health care is still evolving, enforcement activities by federal and state agencies appear to be increasing. Violators of antitrust laws could be subject to criminal and civil liability by both federal and state agencies, as well as by private litigants.

Tax Matters

Tax Exemption for Not-For-Profit Corporations

Loss of tax-exempt status by a Senior Credit Group Member could result in loss of tax exemption of the Series 2006 Bonds and of other tax-exempt debt issued for the benefit of Ascension Health or the Senior Credit Group Members, and defaults in covenants regarding the Series 2006 Bonds and other related tax-exempt debt would likely be triggered. Such an event would have material adverse consequences on the financial condition of the Senior Credit Group. Management of Ascension Health is not aware of any transactions or activities currently ongoing that are likely to result in the revocation of the tax-exempt status of any Senior Credit Group Member.

The maintenance by each Senior Credit Group Member of its status as an organization described in Section 501(c)(3) of the Code is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions that may cause their assets to inure to the benefit of private individuals. The Internal Revenue Service has announced that it intends to closely scrutinize transactions between not-for-profit corporations and for-profit entities, and in particular has issued audit guidelines for tax-exempt hospitals. Although specific activities of hospitals, such as medical office building leases and compensation arrangements and other contracts with physicians, have been the subject of interpretations by the Internal Revenue Service in the form of Private Letter Rulings, many activities have not been addressed in any official opinion, interpretation or policy of the Internal Revenue Service. Because the Senior Credit Group Members conduct large-scale and diverse operations involving private parties, there can be no assurances that certain of their transactions would not be challenged by the Internal Revenue Service.

The Internal Revenue Service has taken the position that hospitals which are in violation of the Anti-Kickback Law may also be subject to revocation of their tax-exempt status. See the information herein under the caption, "**BONDHOLDERS' RISKS – Regulatory Environment – Civil and Criminal Fraud and Abuse Laws and Enforcement**." As a result, tax-exempt hospitals, such as those of the Senior Credit Group Members, which have, and will continue to have, extensive transactions with physicians are subject to an increased degree of scrutiny and perhaps enforcement by the Internal Revenue Service.

The Taxpayers Bill of Rights 2, referred to for purposes of this Limited Offering Memorandum as the Intermediate Sanctions Law, allows the Internal Revenue Service to impose "intermediate sanctions" against certain individuals in circumstances involving the violation by tax-exempt organizations of the prohibition against private inurement. Prior to the enactment of the Intermediate Sanctions Law, the only sanction available to the Internal Revenue Service was revocation of an organization's tax-exempt status. Intermediate sanctions may be imposed in situations in which a "disqualified person" (such as an "insider") (i) engages in a transaction with a tax-exempt organization on other than a fair market value basis, (ii) receives unreasonable compensation from a tax-exempt organization or (iii) receives payment in an arrangement that violates the prohibition against private inurement. These transactions are referred to as "excess benefit transactions." A disqualified person who benefits from an excess benefit transaction will be subject to an excise tax equal to 25% of the amount of the excess benefit. Organizational managers who participate in the excess benefit transaction knowing it to be improper are subject to an excise tax equal to 10% of the amount of the excess benefit, subject to a maximum penalty of $10,000. A second penalty, in the amount of 200% of the excess benefit, may be imposed on the disqualified person (but not upon the organizational manager) if the excess benefit is not corrected within a specified period of time.

In certain cases, the IRS has imposed substantial monetary penalties and future charity care or public benefit obligations on tax-exempt hospitals in lieu of revoking their tax-exempt status, as well as requiring that certain transactions be altered, terminated or avoided in the future and/or requiring governance or management changes. These penalties and obligations are typically imposed on the tax-exempt hospital pursuant to a "closing agreement" with respect to the hospital's alleged violation of Section 501(c)(3) exemption requirements. Given the size of the Senior Credit Group, the wide range of complex transactions entered into by the Senior Credit Group Members and Ascension Health, and uncertainty regarding how tax-exemption requirements may be applied by the IRS, Members are, and will be, at risk for incurring monetary and other liabilities imposed by the IRS through this "closing agreement" or similar process. Like certain of the other business and legal risks described herein which apply to large multi-hospital systems, these liabilities are probable from time to time and could be substantial, in some cases involving millions of dollars, and in extreme cases could be materially adverse.

Bills have been introduced in Congress that would require a tax-exempt hospital to provide a certain amount of charity care and care to Medicare and Medicaid patients in order to maintain its tax-exempt status and avoid the imposition of an excise tax. Other legislation would have conditioned a hospital's tax-exempt status on the delivery of adequate levels of charity care. Congress has not enacted such bills. However, there can be no assurance that similar legislative proposals or judicial actions will not be adopted in the future.

In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt hospitals with respect to their exempt activities and the generation of unrelated business taxable income. Ascension Health and the Senior Credit Group Members participate in activities that may generate unrelated business taxable income. Management of Ascension Health believes it and the Senior Credit Group Members have properly accounted for and reported unrelated business taxable income; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported unrelated business taxable income and in some cases could ultimately affect the tax-exempt status of a Senior Credit Group Member as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Series 2006 Bonds and other tax-exempt debt of Ascension Health and the Senior Credit Group Members. In addition, legislation, if any, which may be adopted at the federal, state and local levels with respect to unrelated business income cannot be predicted. Any legislation could have the effect of subjecting a portion of the income of Ascension Health or the Senior Credit Group Members to federal or state income taxes.

In 1990, the Employee Plans and Exempt Organizations Division of the IRS expanded the Coordinated Examination Program ("CEP") of the IRS to tax-exempt health care organizations. CEP audits are conducted by teams of revenue agents. The CEP audit teams consider a wide range of possible issues, including the community benefit standard, private inurement and private benefit, partnerships and joint ventures, retirement plans and employee benefits, employment taxes, tax-exempt bond financing, political contributions and unrelated business income.

Senior Credit Group Members have been, are being and most likely will be audited regularly by the IRS. Management believes that it has properly complied with the tax laws. Nevertheless, because of the complexity of

the tax laws and the presence of issues about which reasonable persons can differ, a CEP audit could result in additional taxes, interest and penalties. A CEP audit could ultimately affect the tax-exempt status of a Senior Credit Group Member as well as the exclusion from gross income for federal income tax purposes of the interest payable with respect to the Series 2006 Bonds and other tax-exempt debt of the Senior Credit Group Members.

In addition to the foregoing proposals with respect to income by not-for-profit corporations, various state and local governmental bodies have challenged the tax-exempt status of not-for-profit institutions and have sought to remove the exemption of property from real estate taxes of part or all of the property of various not-for-profit institutions on the grounds that a portion of its property was not being used to further the charitable purposes of the institutions or that the institutions did not provide sufficient care to indigent persons so as to warrant exemption from taxation as a charitable institution. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of not-for-profit corporations. There can be no assurance that future changes in the laws and regulations of federal, state or local governments will not materially adversely affect the operations and financial condition of Ascension Health or the Senior Credit Group Members by requiring any of them to pay income or local property taxes.

Bond Audits

Internal Revenue Service officials have recently indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector. The Series 2006 Bonds may be, from time to time, subject to audits by the IRS. Ascension Health believes that the Series 2006 Bonds properly comply with the tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2006 Bonds, as described under the caption, "**TAX MATTERS**." No ruling with respect to the tax-exempt status of the Series 2006 Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts. There can be no assurance that an audit of the Series 2006 Bonds will not adversely affect the Series 2006 Bonds.

Other Risks

Indigent Care

Tax-exempt hospitals often treat large numbers of "indigent" patients who, for various reasons, are unable to pay for their medical care. Typically, urban, inner-city hospitals, including hospitals owned by certain Senior Credit Group Members, may treat significant numbers of indigents. These hospitals may be susceptible to economic and political changes which could increase the number of indigent persons or the responsibility for caring for this population. General economic conditions which affect the number of employed individuals who have health insurance coverage will similarly affect the ability of patients to pay for their care. Similarly, changes in governmental policy, which may result in coverage exclusions under local, state and federal healthcare programs (including Medicare and Medicaid) may increase the frequency and severity of indigent treatment in such hospitals. It is also possible that future legislation could require that tax-exempt hospitals maintain minimum levels of indigent care as a condition to federal income tax exemption or local property tax exemption. In sum, indigent care commitments of the Senior Credit Group Members could constitute a material and adverse financial risk in the future.

Interest Rate Swaps

Ascension Health has entered into interest rate swap transactions with a notional amount of $2,134,011,000 and expects to enter into interest rate swap transactions with respect to the Series 2006 Bonds, the Fixed Rate Bonds and the Additional Indexed Put Bonds with a notional amount up to $944,000,000. The interest rate swaps will amortize in amounts approximately equal to the amortization of such outstanding bonds so hedged. There is no guarantee, however, that such rates will match at all times or at any time. To the extent of a mismatch, Ascension Health is exposed to "basis risk" in that the rate it receives from the applicable swap counterparty pursuant to the

interest rate swaps will not equal the interest rate it is required to pay on such outstanding bonds. The agreement by the applicable swap counterparty to pay certain amounts to Ascension Health pursuant to the interest rate swaps does not alter or affect Ascension Health's obligations to pay principal or Redemption Price of or interest on any of the outstanding bonds. No person other than Ascension Health will have any rights under the interest rate swaps or against the applicable swap counterparty.

Under certain circumstances, the interest rate swaps may be terminated prior to the maturity of the related outstanding bonds. If the interest rate swaps are terminated under certain market conditions, Ascension Health may owe a termination payment to the applicable swap counterparty. Such a termination payment generally would be based upon the market value of the related interest rate swap on the date of termination and could be substantial. In addition, a partial termination of an interest rate swap could occur to the extent that any outstanding bonds hedged with an interest rate swap is redeemed pursuant to an optional redemption. If such an optional redemption occurs, a termination payment related to the portion of the interest rate swap to be terminated will be owed by either Ascension Health or the applicable swap counterparty, depending on market conditions. In the event of an early termination of an interest rate swap, there can be no assurance that (i) Ascension Health will receive any termination payment payable to it by the applicable swap counterparty, (ii) Ascension Health will have sufficient amounts to pay a termination payment payable by it to the applicable swap counterparty and (iii) Ascension Health will be able to obtain a replacement swap agreement with comparable terms. Ascension Health has credit risk to the extent the applicable swap counterparty's credit or ability to perform is reduced.

Bond Ratings

There is no assurance that the ratings assigned to the Series 2006 Bonds will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Series 2006 Bonds. See the information herein under the caption "**RATINGS**."

Other Risk Factors Generally Affecting Health Care Facilities

In the future, the following factors, among others, may adversely affect the operations of health care providers, including the Senior Credit Group Members or the market value of the Series 2006 Bonds, to an extent that cannot be determined at this time:

1. Hospitals are major employers, combining a complex mix of professional, quasi-professional, technical, clerical, housekeeping, maintenance, dietary and other types of workers in a single operation. As with all large employers, Ascension Health and the Senior Credit Group Members bear a wide variety of risks in connection with their employees. These risks include strikes and other related work actions, contract disputes, discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees, between physicians or management and employees, or between employees and patients), and other risks that may flow from the relationships between employer and employee or between physicians, patients and employees. Many of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance. Ascension Health and the Senior Credit Group Members are subject to all of the risks listed above, and such risks, alone or in combination, could have material adverse consequences to the financial condition or operations of Ascension Health and the Senior Credit Group.

2. Competition from other hospitals and other competitive facilities now or hereafter located in the respective service areas of the facilities operated by Ascension Health and the Senior Credit Group Members may adversely affect revenues of Ascension Health and the Senior Credit Group. Development of health maintenance and other alternative health delivery programs could result in decreased usage of inpatient hospital facilities and other facilities operated by Ascension Health and the Senior Credit Group Members.

3. Cost and availability of any insurance, including self-insurance, such as malpractice, fire, automobile, and general comprehensive liability, that hospitals and other health care facilities of similar size and type as Ascension Health and the Senior Credit Group Members generally carry may adversely affect revenues. The costs of such insurance have increased significantly in the past few years, and such increases are likely to continue in the near future.

4. The occurrences of natural disasters may damage some or all of the facilities, interrupt utility service to some or all of the facilities or otherwise impair the operation of some or all of the facilities operated by Ascension Health and the Senior Credit Group Members or the generation of revenues from some or all of the facilities.

5. Scientific and technological advances, new procedures, drugs and appliances, preventive medicine, occupational health and safety and outpatient health care delivery may reduce utilization and revenues of the facilities. Technological advances in recent years have accelerated the trend toward the use by hospitals of sophisticated and costly equipment and services for diagnosis and treatment. The acquisition and operation of certain equipment or services may continue to be a significant factor in hospital utilization, but the ability of Ascension Health and the Senior Credit Group Members to offer the equipment or services may be subject to the availability of equipment or specialists, governmental approval or the ability to finance these acquisitions or operations.

6. Reduced demand for the services of Ascension Health and the Senior Credit Group Members that might result from decreases in population in their respective service areas.

7. Increased unemployment or other adverse economic conditions in the service areas of Ascension Health and the Senior Credit Group Members which would increase the proportion of patients who are unable to pay fully for the cost of their care.

8. Any increase in the quantity of indigent care provided which is mandated by law or required due to increase needs of the community in order to maintain the charitable status of Ascension Health or the Senior Credit Group Members.

9. Regulatory actions which might limit the ability of Ascension Health or the Senior Credit Group Members to undertake capital improvements to their respective facilities or to develop new institutional health services.

10. The occurrence of a large scale terrorist attack that increases the proportion of patients who are unable to pay fully for the cost of their care and that disrupts the operation of certain health care facilities by resulting in an abnormally high demand for health care services.

FINANCIAL STATEMENTS

The consolidated financial statements of Ascension Health as of June 30, 2006 and 2005 and for the years then ended included in **APPENDIX B** to this Limited Offering Memorandum have been audited by Ernst & Young LLP, independent auditors, as indicated in their report therein.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature, to the knowledge of its officers, now pending or threatened against Ascension Health or any other Senior Credit Group Member restraining or enjoining the issuance, sale, execution or delivery of the Series 2006 Bonds, or in any way contesting or affecting the validity of the Series 2006 Bonds.

As with most hospitals, Senior Credit Group Members and Ascension Health are subject to certain legal actions which, in whole or in part, are not or may not be covered by insurance or self-insurance because of the type

of action or damages requested (such as punitive damages), because of a reservation of rights by an insurance carrier or self-insurance program, or because the action has not proceeded to a stage which permits full evaluation. Since these actions either claim punitive damages which could become a liability of the Senior Credit Group Members or Ascension Health and/or state or threaten causes of action which may not be covered by insurance or self-insurance, insurers for the Senior Credit Group Members or Ascension Health and the self-insurance program have not provided assurance of coverage, and to the extent any cases have not been served, counsel has not been retained to evaluate them. For a discussion of certain recently filed litigation with respect to Ascension Health and certain Senior Credit Group Members, see the information in **APPENDIX A** under the caption "**FINANCIAL AND OPERATING INFORMATION – Indebtedness and Certain Liabilities –** ***Recently Filed Litigation***."

Except as set forth in this Limited Offering Memorandum, in the opinion of O'Keefe Lyons & Hynes, LLC, Chicago, Illinois, special counsel to Ascension Health and the other Senior Credit Group Members, no litigation is now served upon or, to the knowledge of counsel, otherwise pending or threatened against Ascension Health, or any Senior Credit Group Member which in the aggregate would have a material adverse effect on the Senior Credit Group's operations or condition, financial or otherwise.

TAX MATTERS

Opinions of Bond Counsel

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2006 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and has the status under the laws of the States of Alabama and Indiana described below, except that no opinion is expressed as to the status of interest on any Series 2006 Bond if and to the extent that such Series 2006 Bond is held by a Swap Counterparty Affiliate. "Swap Counterparty Affiliate" means (i) initially, Citibank, N.A. New York. (the "Initial Swap Provider"), as counterparty to the Confirmation, dated November 2, 2006, between the Initial Swap Provider and Ascension Health, in a notional amount of $155,630,000, delivered pursuant to that certain Master Agreement and Schedule dated as of January 13, 2003, between Ascension Health and the Swap Provider (the "Initial Swap"); (ii) in the event of the termination of the Initial Swap, any counterparty to an interest rate swap agreement relating to the Series 2006 Bonds in substantially the same form as the Initial Swap (the "Replacement Swap Provider"), and (iii) any person with a relationship between such person and either the Initial Swap Provider or the Replacement Swap Provider that would result in a disallowance of losses under Section 267 or 707(b) of the Code, or any person which is a member of the same controlled group of corporations as the Initial Swap Provider or the Replacement Swap Provider, as defined in Section 1563(a) of the Code.. Bond Counsel is of the further opinion that interest on the Series 2006 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating federal corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is included in **APPENDIX E** hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2006 Bonds. Each Issuer and Ascension Health have made certain representations and covenanted to comply with certain restrictions designed to insure that interest on the Series 2006 Bonds will not be included in federal gross income. Inaccuracy of these representations and failure to comply with these covenants may result in interest on the Series 2006 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2006 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the Date of Issuance of the Series 2006 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2006 Bonds.

In addition, Bond Counsel has relied, among other things, on the opinion of O'Keefe Lyons & Hynes, LLC, Chicago, Illinois, special counsel to Ascension Health and the other Senior Credit Group Members, regarding

the current qualification of Ascension Health and certain of the Senior Credit Group Members as organizations described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations. Bond Counsel has also relied upon representations of Ascension Health concerning Ascension Health's and the Senior Credit Group Members' "unrelated trade or business" activities as defined in Section 513(a) of the Code. Neither Bond Counsel nor special counsel to Ascension Health and the other Senior Credit Group Members has given any opinion or assurance concerning Section 513(a) of the Code and neither Bond Counsel nor special counsel to Ascension Health and the other Senior Credit Group Members can give or has given any opinion or assurance about the future activities of Ascension Health or the other Senior Credit Group Members, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of Ascension Health or certain Senior Credit Group Members to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2006 Bonds in a manner that is substantially related to Ascension Health's or the Senior Credit Group Members' charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Series 2006 Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2006 Bonds.

The interest rate mode and certain requirements and procedures contained or referred to in the Bond Indentures, the Loan Agreements, the Tax Certificates and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2006 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in those documents. Bond Counsel expresses no opinion as to any Series 2006 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Bond Counsel, is also of the opinion as to the following state tax consequences of each Series of the Series 2006 Bonds:

Series 2006B Bonds. Interest on the Series 2006B Bonds is exempt from personal income taxation by the State of Indiana.

Series 2006C Bonds. Interest on the Series 2006C Bonds is exempt from taxation by the State of Alabama or any county, municipality or other political subdivision or instrumentality of the State of Alabama, excepting inheritance, estate and gift taxes.

Although Bond Counsel is of the opinion that interest on the Series 2006 Bonds is excluded from gross income for federal income tax purposes and is exempt from certain state taxes as described above, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2006 Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2006 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2006 Bonds. Prospective purchasers of the Series 2006 Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2006 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuers, Ascension Health or the other Senior Credit Group Members or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuers and Ascension Health have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2006 Bonds ends with the issuance of the Series 2006 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuers, Ascension Health or the Beneficial Owners regarding the tax-exempt status of the Series 2006 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuers, Ascension Health and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuers and Ascension Health legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2006 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2006 Bonds, and may cause the Issuers, Ascension Health or the Beneficial Owners to incur significant expense.

APPROVAL OF LEGALITY

Legal matters incident to the issuance of the Series 2006 Bonds are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel for the Series 2006 Bonds. A complete copy of the proposed form of Bond Counsel opinion is contained in **APPENDIX E** hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum. Certain legal matters will be passed upon with respect to the Birmingham Issuer by its counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama; for the Indiana Issuer by its counsel, Barnes & Thornburg LLP, Indianapolis, Indiana. Certain legal matters will be passed upon for Ascension Health and the other Senior Credit Group Members by their special counsel, O'Keefe Lyons & Hynes, LLC, Chicago Illinois and for the Placement Agent by its counsel, Foley & Lardner LLP, Chicago, Illinois.

RATINGS

Fitch, Inc., Moody's Investors Service and Standard & Poor's Ratings Services (a division of The McGraw-Hill Companies, Inc.) have assigned their municipal bond ratings of "AA+," "Aa2" and "AA," respectively, to the Series 2006 Bonds.

Any explanation of the significance of ratings may only be obtained from the rating agencies.

Ascension Health and the other Senior Credit Group Members have furnished to the rating agencies certain information and material concerning the Series 2006 Bonds and themselves. Generally, rating agencies base their ratings on this information and materials and on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that the ratings mentioned above will remain in effect for any given period of time or that they might not be lowered or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Any downward change in or withdrawal of any ratings might have an adverse effect on the market price or marketability of the Series 2006 Bonds.

PLACEMENT

Morgan Stanley & Co. Incorporated has agreed to serve as Placement Agent and use its best efforts to arrange placement of the Series 2006 Bonds for a placement fee approximately equal to $350,168.

FINANCIAL ADVISOR

Kaufman, Hall & Associates, Inc., Northfield, Illinois, was engaged by Ascension Health to provide financial advisory services for the development and implementation of a capital financing plan for Ascension Health. Kaufman Hall is a national consulting firm that acts as capital advisor to health care organizations, particularly in the areas of short and long term debt financings, joint ventures and overall capital planning.

MISCELLANEOUS

Any statements in this Limited Offering Memorandum involving matters of opinion, whether or not expressly stated as such, are so intended and are not representations of fact.

The foregoing and subsequent summaries or description of provisions of the Series 2006 Bonds, the Bond Indentures, the Loan Agreements, the Senior Master Indenture and the Series 2006 Senior Obligations and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is made to said documents for full and complete statements of their provisions. The Appendices attached hereto are a part of this Limited Offering Memorandum. Copies, in reasonable quantity, of the Bond Indentures, the Loan Agreements, the Senior Master Indenture and the Series 2006 Senior Obligations may be obtained during the offering period upon request directed to Morgan Stanley & Co. Incorporated, 1221 Avenue of the Americas, Floor 30, New York, New York 10020.

This Limited Offering Memorandum has been issued by the respective Issuers and approved by Ascension Health on behalf of the Senior Credit Group Members. This Limited Offering Memorandum is not to be considered as a contract or agreement between the Issuers, Ascension Health or any other Senior Credit Group Member and the purchasers or Holders of any of the Series 2006 Bonds.

INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY

By: /s/ Ryan C. Kitchell
Vice Chair

ALABAMA SPECIAL CARE FACILITIES FINANCING AUTHORITY OF BIRMINGHAM

By: /s/ Larry Ward
Chairman

Approved:
ASCENSION HEALTH, as Senior Credit Group Representative

By: /s/ Joseph R. Impicciche
Joseph R. Impicciche,
Senior Vice President and General Counsel

Appendix A

Information Concerning the Ascension Health Senior Credit Group

**The information contained in this Appendix A
has been obtained from
Ascension Health.**

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INTRODUCTION

General

Ascension Health is a Missouri nonprofit corporation formed in August 1999. Ascension Health is the parent organization of a national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Health Ministries. The Health Ministries that are part of the Ascension Health system were formerly part of the Daughters of Charity National Health System, the Sisters of St. Joseph Health System or the Carondelet Health System.

Ascension Health is sponsored by the Northeast, Southeast, East Central and West Central Provinces of the Daughters of Charity of St. Vincent dePaul, the Congregation of the Sisters of St. Joseph of Nazareth and the Congregation of the Sisters of St. Joseph of Carondelet. The Daughters of Charity commenced their health care ministry in the United States in 1828, the Sisters of St. Joseph of Carondelet commenced their health care ministry in the United States in 1836, and the Sisters of St. Joseph of Nazareth commenced their health care ministry in the United States in 1889.

Ascension Health, directly or through local "parent" organizations, is the sole corporate member of 103 nonprofit corporations that own and operate acute care hospitals and other health care facilities and service providers with approximately 17,000 available beds (including approximately 11,000 acute care beds) as of June 30, 2006. As of June 30, 2006, these corporations owned and operated 62 general acute care hospitals, four long-term acute care hospitals, four psychiatric hospitals, four rehabilitation hospitals and seven hospitals in joint venture arrangements, with more than 100,000 employees. Ascension Health is the largest nonprofit Catholic health care system in the United States.

Ascension Health is the Senior Credit Group Representative under a Master Trust Indenture dated as of November 1, 1999, as amended and supplemented (the "Senior Master Indenture"), among Ascension Health, the other corporations that are Senior Obligated Group Members thereunder from time to time and U.S. Bank National Association, as Senior Master Trustee. The Senior Master Indenture provides for the creation of a Senior Credit Group, which is comprised of the Senior Obligated Group Members, Senior Designated Affiliates and Senior Limited Designated Affiliates.

Of the 103 nonprofit corporations presently in the Ascension Health Senior Credit Group, the four corporations in New York are Senior Limited Designated Affiliates. All others are Senior Obligated Group Members. Currently, there are no Senior Designated Affiliates in the Senior Credit Group. A Senior Limited Designated Affiliate's liability to transfer moneys or other assets to the Senior Obligated Group shall be limited to a specified amount. See "SECURITY FOR THE SERIES 2006 BONDS – The Senior Master Indenture" in the forepart of this Limited Offering Memorandum. Refer to "LIST OF MEMBERS OF THE ASCENSION HEALTH SENIOR CREDIT GROUP" in this APPENDIX A for a listing of the Senior Obligated Group Members and the Senior Limited Designated Affiliates (including their several liabilities) which comprise the Senior Credit Group.

Ascension Health, the Senior Obligated Group Members and the Senior Limited Designated Affiliates are also members of a Subordinate Credit Group (referred to collectively with the Senior Credit Group as the Ascension Health Credit Group) that was established under a master trust indenture dated as of February 1, 2005, as supplemented (the "Subordinate Master Indenture"), among Ascension Health, other corporations that are subordinated obligated group members thereunder from time to time, and U.S. Bank National Association, as subordinate master trustee. The Subordinate Master requires that the members of the Subordinate Credit Group must be identical to the members of the Senior Credit Group.

Call to Action

Ascension Health has initiated a Call to Action which represents an integrated strategy through which Ascension Health intends to improve clinical excellence and safety, create innovative, patient-centered healing environments and expand access to care for the uninsured and underserved. The Call to Action includes three defining programs and goals.

Healthcare That Works. Ascension Health shall transform the healthcare delivery system so that those people it serves experience the service they want and the holistic care they need within a sustainable economic model. Healthcare That Works, represents Ascension Health's call to create safe, accessible, appropriate, adaptable, affordable and patient-focused healing environments for the future.

Healthcare That Is Safe. Ascension Health shall build a safe healthcare environment by creating a continuous improvement capability in each Health Ministry with the appropriate culture, structure and process to support excellent clinical care in a safe environment. Ascension Health shall coordinate learning across Ascension Health by sharing best practices, adverse event information and implementation strategies. Healthcare that is Safe represents Ascension Health's call to ensure that the principal activity of Ascension Health — providing healthcare — is delivered in a safe environment.

Healthcare That Leaves No One Behind. As part of Ascension Health's commitment to provide 100 percent access to healthcare for everyone, Ascension Health shall serve as a voice for the voiceless by using ideas, influence and actions to advocate for those persons who are poor and vulnerable. Through its resources and presence in many communities, Ascension Health has an opportunity to amplify the voices of those most in need, including the uninsured and the underserved.

CHANGES TO THE COMPOSITION OF THE SENIOR CREDIT GROUP

The corporate structure of Ascension Health is designed to accommodate the addition of new religious sponsors and affiliations with other health care providers and health care systems. Additional entities may become Members of the Senior Credit Group. Ascension Health has adopted strategies encouraging the Members of the Senior Credit Group to explore regional integrated delivery networks with other healthcare providers in their respective service areas. Such activities could lead to the addition of other nonprofit corporations to the Senior Credit Group, the withdrawal of current Members from the Senior Credit Group, or the purchase or divestiture of certain assets. The ongoing nature of these activities is such that management is unable to conclude whether they will result in any form of affiliation or divestiture or the addition of Members to or the withdrawal of Members from the Senior Credit Group, other than those described herein.

On June 30, 2005, 23 corporations were added to the Senior Credit Group as Senior Obligated Group Members. On September 30, 2005, 11 additional corporations were added to the Senior Credit Group as Senior Obligated Group Members. These same corporations were added to the Subordinate Credit Group. The new Members added June 30, 2005 and September 30, 2005 together constituted less than 5% of the consolidated revenues and net assets of the Ascension Health Credit Group for the fiscal year ended June 30, 2005. The primary reason for these additions is that the new Members were already included in the consolidated financial statements of Ascension Health. As a result, the consolidated financial statements of Ascension Health more closely describe the financial statements of the Ascension Health Credit Group.

Western Maryland Health System

Western Maryland Health System is a non-profit community health system located in Cumberland, Maryland. The members of Western Maryland Health System are Ascension Health (50% membership interest) and Cumberland Memorial Hospital Corporation (50% membership interest) who jointly appoint the Board of Directors. Ascension Health does not exercise operating control over Western Maryland Health System and therefore Ascension Health records its investment in Western Maryland Health System under the equity method of accounting.

Ascension Health, Cumberland Memorial Hospital Corporation and Western Maryland Health System have agreed that Cumberland Memorial Hospital Corporation will redeem Ascension Health's 50% interest in

Western Maryland Health System effective October 31, 2006 and become the sole member of Western Maryland Health System. Ascension Health and Cumberland Memorial Hospital Corporation have agreed on the financial terms of redemption. In connection with the redemption, Western Maryland Health System and its member entities will cease to be an Ascension Health Credit Group Participating System and will withdraw from the Ascension Health Credit Group. As a result of this transaction, net assets of the Ascension Health Credit Group are expected to be reduced by $42 million, and Ascension Health Credit Group debt will be reduced by $159 million.

St. Joseph Hospital (Augusta, Georgia)

St. Joseph Hospital, Augusta, Georgia, Inc. ("St. Joseph") and its affiliates, St. Joseph Ventures, Inc. and St. Joseph M.O.B., L.P., entered into an Asset Sale Agreement with Triad Hospitals, Inc., a Delaware for-profit corporation ("Triad"), which agreement provides for the sale of substantially all of the assets comprising St. Joseph Hospital and its related businesses to Triad. At or prior to the closing of the sale transaction, Triad intends to assign its rights and obligations under the Asset Sale Agreement to one or more affiliates of Triad, which affiliates would acquire the hospital and its related businesses. The sale includes the hospital facility, the medical office building and medical village complex located on the hospital campus, as well as St. Joseph's hospice and home health care operation. St. Joseph's interests in Georgia Rehabilitation Institute, Inc., which does business as Walton Rehabilitation Hospital, and in the St. Joseph Foundation, Inc., are not included in the sale.

St. Joseph will retain a right of first refusal which may be exercised in the event that within five years after the closing, Triad proposes to dispose of the acute care hospital facility to a purchaser that is not an affiliate of Triad.

St. Luke's Hospital (Jacksonville, Florida)

On July 1, 2005, St. Vincent's Medical Center ("St. Vincent's"), located in Jacksonville, Florida, purchased from St. Luke's Hospital Association, Inc., a Florida not-for-profit corporation, substantially all the property, plant, equipment and inventories of St. Luke's Hospital ("St. Luke's"), a nonprofit hospital located in Jacksonville, Florida and affiliated with the Mayo Clinic. The Asset Purchase Agreement stipulates a purchase price of $152,000,000. An initial payment of $77,785,000 was paid at the Phase One Closing on July 1, 2005, and a $15,000,000 payment was made on January 1, 2006. Two additional payments of $15,000,000 each will be paid on January 1, 2007 and 2008. The title to the property, plant and equipment of St. Luke's transferred to St. Vincent's at the Phase One Closing.

Mayo Clinic has begun construction of a new hospital on its Jacksonville campus with anticipated completion in the spring of 2008. St. Vincent's is leasing the assets of St. Luke's to Mayo Clinic until the new hospital is completed. Mayo Clinic is responsible for the maintenance of the plant and equipment during the lease period. Capital expenditures will be reimbursed by St. Vincent's during the lease period up to a maximum of $29,215,000, which is included in the purchase price noted above. Upon the completion of Mayo Clinic's new hospital, St. Vincent's will assume the operations of the purchased hospital.

Eastern Health System (Alabama)

Seton Health Corporation of North Alabama (d/b/a St. Vincent's Health System), a Senior Credit Group Member, entered into a Management Services Agreement with Eastern Health System granting Seton Health Corporation certain advisory control over aspects of Eastern Health System's operations. Eastern Health System is comprised of three hospitals with approximately 350 available beds. For its fiscal year ended June 30, 2006, Eastern Health System had approximately $200 million of assets, $100 million of debt, $75 million of net assets and revenues of $225 million. It is anticipated that in 2007, through an Affiliation Agreement, the three Eastern Health System hospitals and St. Vincent's Hospital will become subsidiaries of Seton Health Corporation of North Alabama. Upon satisfaction of certain financial conditions, the Eastern Health System hospitals will become Senior Obligated Group Members.

FINANCIAL AND OPERATING INFORMATION

General

The summary consolidated statements of operations and summary consolidated balance sheets for Ascension Health for the fiscal years ended June 30, 2005 and 2006 included in this section have been derived by Ascension Health management from the audited consolidated financial statements of Ascension Health included in APPENDIX B. This summarized financial information should be read in conjunction with these audited consolidated financial statements, including related notes.

The financial information summarized herein, and the audited consolidated financial statements contained in APPENDIX B, represent consolidated financial information for Ascension Health, not financial information for the Senior Credit Group. This summarized financial information and the audited consolidated financial statements include the results of operations of all Material Senior Credit Group Members (defined in the Senior Master Indenture to include the Senior Obligated Group Members and Senior Designated Affiliates whose aggregate net assets are equal to or greater than 90% of the consolidated net assets of the Senior Credit Group) for the fiscal years ended June 30, 2005 and 2006 as well as the results of operations of certain Immaterial Affiliates (defined in the Senior Master Indenture as Persons that are not Members of the Senior Credit Group whose total net assets are less than 10% of the consolidated net assets of the Senior Credit Group). As they are Immaterial Senior Affiliates, the financial position and results of operations of the Senior Credit Group Members within the Western Maryland Health System and of a philanthropic organization that is a Senior Credit Group Member are not reflected in the consolidated financial statements of Ascension Health.

Historical Financial Information

ASCENSION HEALTH
Consolidated Statements of Operations
(Dollars in Thousands)

	Fiscal Years Ended June 30,	
	2005	**2006**
OPERATING REVENUE		
Net patient service revenue	$10,192,562	$ 10,728,610
Other revenue	436,148	524,245
Gain on sale of assets	34,470	6,726
Income from unconsolidated entities	64,604	91,554
Investment (loss) income	20,697	26,087
Net assets released from restrictions for operations	22,406	28,330
TOTAL OPERATING REVENUE	10,770,887	11,405,552
OPERATING EXPENSES		
Salaries and wages	4,268,155	4,531,128
Employee benefits	1,119,525	1,098,503
Purchased services	526,286	636,673
Professional fees	351,541	407,822
Supplies	1,847,214	1,990,898
Insurance	173,682	157,059
Bad debts	588,078	589,416
Interest	130,431	145,407
Depreciation and amortization	503,446	513,485
Other	790,649	831,514
TOTAL OPERATING EXPENSES BEFORE RESTRUCTURING AND OTHER NONRECURRING EXPENSES	10,299,007	10,901,905
INCOME FROM OPERATIONS BEFORE RESTRUCTURING AND OTHER NONRECURRING EXPENSES	471,880	503,647
RESTRUCTURING AND OTHER NONRECURRING EXPENSES	26,128	5,864
INCOME FROM OPERATIONS	445,752	497,783
NONOPERATING GAINS (LOSSES)		
Investment income	221,678	363,927
Income from unconsolidated entities	9,983	6,961
Other	(26,168)	(65,706)
TOTAL NONOPERATING GAINS, NET	205,493	305,182
NET INCOME	$ 651,245	$ 802,965

ASCENSION HEALTH
Consolidated Balance Sheets
(Dollars in Thousands)

	June 30,	
	2005	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 780,623	$ 691,368
Short-term investments	39,606	38,996
Accounts receivable, less allowances for uncollectible accounts ($440,644 and $487,360 in 2005 and 2006, respectively)	1,264,974	1,362,333
Current portion of assets limited as to use	199,413	163,338
Assets limited as to use – securities lending program	847,699	695,583
Inventories	179,880	194,605
Assets held for sale	38,588	41,677
Other	185,018	209,284
TOTAL CURRENT ASSETS	3,535,801	3,397,184
BOARD-DESIGNATED INVESTMENTS	3,236,858	3,485,916
OTHER INVESTMENTS	1,267,959	1,366,524
ASSETS LIMITED AS TO USE		
Under bond indentures, less current portion	2,408	1,073
Self-insurance trust funds, less current portion	451,883	498,366
Temporarily or permanently restricted	342,202	366,422
TOTAL ASSETS LIMITED AS TO USE	796,493	865,861
PROPERTY AND EQUIPMENT		
Land and improvements	462,550	482,152
Building and equipment	9,137,043	9,690,117
Construction in progress	428,107	688,944
Less accumulated depreciation	(5,506,491)	(5,868,458)
TOTAL PROPERTY AND EQUIPMENT, NET	4,521,209	4,992,755
OTHER ASSETS		
Investment in unconsolidated entities	219,607	243,537
Other	367,122	542,227
TOTAL OTHER ASSETS	586,729	785,764
TOTAL ASSETS	$13,945,049	$14,894,004

ASCENSION HEALTH
Consolidated Balance Sheets (continued)
(Dollars in Thousands)

	June 30,	
	2005	**2006**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 41,732	$ 44,769
Long-term debt subject to short-term remarketing arrangements	921,700	1,005,700
Accounts payable and accrued liabilities	1,049,429	1,083,852
Estimated third-party payor settlements, net	217,664	170,775
Payable under securities lending program	847,699	695,583
Current portion of self-insurance liabilities	207,033	211,161
Liabilities held for sale	8,710	7,061
Other liabilities	47,089	53,483
TOTAL CURRENT LIABILITIES	3,341,056	3,272,384
NONCURRENT LIABILITIES		
Long-term debt (senior and subordinated)	3,152,702	3,105,490
Self-insurance liabilities	487,289	513,067
Pension and other postretirement liabilities	302,513	209,707
Other	316,918	296,358
TOTAL NONCURRENT LIABILITIES	4,259,422	4,124,622
TOTAL LIABILITIES	7,600,478	7,397,006
NET ASSETS		
Unrestricted	6,002,369	7,130,576
Temporarily restricted	259,066	273,731
Permanently restricted	83,136	92,691
TOTAL NET ASSETS	6,344,571	7,496,998
TOTAL LIABILITIES AND NET ASSETS	$13,945,049	$14,894,004

Sources of Revenue

General. Health care providers receive net patient service revenue under various contractual agreements under the Medicare and Medicaid programs, with managed care payors and commercial insurers, as well as self-paying patients and other sources. For a discussion of Medicare, Medicaid and other payors, refer to the section in the forepart of this Limited Offering Memorandum entitled "BONDHOLDERS' RISKS."

Ascension Health. The following table sets forth Ascension Health's mix of consolidated net patient service revenue by payor for the fiscal years ended June 30, 2005 and 2006. The information in this table has been derived by management of Ascension Health from the consolidated financial records of Ascension Health.

ASCENSION HEALTH
Sources of Revenue

	Fiscal Years Ended June 30,	
	2005	**2006**
Medicare	36%	36%
Medicaid	9	9
Managed Care	24	24
Blue Cross	16	16
Other	15	15
	100%	100%

The sources of revenue of Ascension Health can be expected to change from time to time.

Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management of Ascension Health to make assumptions, estimates and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. Ascension Health management considers critical accounting policies to be those that require the more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net operating revenues, which includes contractual allowances; impairment of long-lived assets; accounting for expenses in connection with restructuring activities; provisions for bad debt; and reserves for losses and expenses related to health care professional and general liability risks. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making these judgments and estimates. Actual results could differ materially from those estimates.

Capitalization

The following table sets forth the actual capitalization of Ascension Health as of June 30, 2006 and the pro forma capitalization of Ascension Health, assuming that the Series 2006 Bonds, the Additional Indexed Put Bonds, the Fixed Rate Bonds and the Taxable Notes were issued on June 30, 2006 and their proceeds were applied on that date toward the purposes described in the forepart of this Limited Offering Memorandum under the caption "PLAN OF FINANCE."

ASCENSION HEALTH
Pro Forma Capitalization
(Dollars in Thousands)

	June 30, 2006	
	Actual Ascension Health	**Pro Forma Ascension Health**
Outstanding Long-Term Debt		
Senior Obligations[1]	$3,407,596	$3,553,220
Subordinate Obligations and Other Long-Term Debt	748,363	748,363
Less: Current Portion		
Senior Obligations	38,080	38,080
Subordinate Obligations and Other Long-Term Debt	6,689	6,689
Net Long-Term Debt		
Senior Obligations[1]	3,369,516	3,515,140
Subordinate Obligations and Other Long-Term Debt	741,674	741,674
Total	$4,111,190	$4,256,814
Unrestricted Net Assets	$7,130,576	$7,130,576
Percent Net Senior Long-Term Debt to Capitalization	32.1%	33.0%
Percent Net Total Long-Term Debt to Capitalization	36.6%	37.4%

1) $1,005,700 of this Long-Term Debt is subject to short-term remarketing arrangements. Excludes $21,705,000 Western Maryland Health System bonds and includes $9,649,566 of unamortized premium.

The capitalization ratios of Ascension Health are calculated excluding the assets and liabilities of those Members of the Senior Credit Group that are not included in the consolidated financial statements of Ascension Health. The addition of the assets, liabilities and net assets of these Members of the Senior Credit Group to the financial information of Ascension Health results in an increase in unrestricted net assets and in net long-term debt of $309 million and $42 million, respectively. The inclusion of the assets and liabilities of these Senior Credit Group Members results in Net Senior Long-Term Debt to Capitalization of 31.4% on an actual and 32.3% pro forma basis and a Net Total Long-Term Debt to Capitalization of 35.8% on an actual basis and 36.6% on a pro forma basis.

Debt Service Coverage

The following table sets forth the Senior Credit Group's coverage of (i) the actual Debt Service Requirement on Senior Long-Term Indebtedness for the fiscal year ended June 30, 2006, and (ii) the pro forma Debt Service Requirement on Senior and Subordinate Long-Term Indebtedness for the fiscal year ended June 30, 2006 assuming (a) (i) the Series 2006 Bonds were issued on July 1, 2005 in the aggregate amount of $155,630,000, (ii) the Additional Indexed Put Bonds were issued on July 1, 2005 in the aggregate principal amount of $155,630,000, (iii) the Fixed Rate Bonds were issued on July 1, 2005 in the aggregate principal amount of $601,175,000 and (iv) the Taxable Notes were issued on July 1, 2005 in the aggregate amount of $40,500,000, each bearing interest since the assumed issuance date at rates of 3.75% per annum and (b) the proceeds of the Series 2006 Bonds and the Notes were applied on July 1, 2005 toward the purposes described in the forepart of this Limited Offering Memorandum under the caption "PLAN OF FINANCE."

ASCENSION HEALTH
Debt Service Coverage
(Dollars in Thousands)

	Fiscal Year Ended June 30, 2006	
	Actual Ascension Health	**Pro Forma Ascension Health**
Net Income	$802,965	$802,965
Depreciation and Amortization	513,485	513,485
Interest	145,407	145,407
Income Available for Debt Service	$1,461,857	$1,461,857
Debt Service Requirements		
Senior Obligations	$171,026	$176,487
Other	19,150	19,150
Total	$190,176	$195,637
Debt Service Coverage Ratio (times)		
Senior Obligations	8.5x	8.3x
Total Obligations	7.7x	7.5x

Indebtedness and Certain Liabilities

As of June 30, 2006, the aggregate principal amount of Senior Obligations outstanding was $3,562,152,118, including $3,330,820,000 of tax-exempt indebtedness of the Senior Credit Group, $88,831,296 of taxable commercial paper, $131,405,000 in guarantees of taxable and tax-exempt indebtedness of entities that are not Members of the Senior Credit Group and $11,095,822 of locally incurred indebtedness of Senior Credit Group Members that is secured under the Senior Master Indenture. As of June 30, 2006, the aggregate principal amount of Subordinate Obligations outstanding was $612,235,000. After the date of issuance of the Series 2006 Bonds, the Additional Indexed Put Bonds, the Fixed Rate Bonds and the Taxable Notes and the application of the proceeds thereof as described in the forepart of this Limited Offering Memorandum under the caption "PLAN OF FINANCE," the aggregate principal amount outstanding of such Senior Obligations, including the Series 2006 Obligations and the Senior Obligations securing the Additional Indexed Put Bonds, the Fixed Rate Bonds and the Taxable Notes, will be $3,707,775,822.

In December 2005, Ascension Health issued a Senior Obligation in the principal amount not to exceed $250,000,000 to secure a line of credit with a commercial bank syndicate, which serves as liquidity support for its commercial paper program. Ascension Health has bank commitments covering the full amount of the line of credit. Also in December 2005, Ascension Health issued a Senior Obligation in the amount not to exceed $250,000,000 to secure its commercial paper program. The commercial paper balance as of June 30, 2006 was approximately $78 million. In April, 2006, Ascension Health issued a Senior Obligation in the principal amount not to exceed $250,000,000 to secure its extendible commercial paper program. The extendible commercial paper program balance as of June 30, 2006 was approximately $10 million. Ascension Health anticipates that the aggregate principal balances of commercial paper and extendible commercial paper will be retired on or about the date of the issuance of the Series 2006 Bonds.

Recently Filed Litigation. On June 20, 2006, nurses in the cities of Albany, New York, Chicago, Illinois, Memphis, Tennessee and San Antonio, Texas filed lawsuits alleging that more than 17 hospitals conspired to maintain artificially low rates for nurses. Seton Health System, Inc. in Troy, New York, a Senior Limited Designated Affiliate, and Ascension Health were named in the lawsuit filed in the State of New York. The lawsuits allege the defendants have conspired to unlawfully suppress compensation of registered nurses. The plaintiffs are seeking class action status. While it is too early to form an opinion as to the probable outcome of this litigation, Ascension Health plans to vigorously defend against these claims.

Interest Rate Swaps

Ascension Health has entered into interest rate swap transactions with a notional amount of $2,134,011,000 intending to hedge certain outstanding bonds. Ascension Health expects to enter into interest rate swap transactions

with respect to the Series 2006 Bonds, the Additional Indexed Put Bonds and the Fixed Rate Bonds with a notional amount up to $944,000,000.

Liquidity; Investment Policies and Income

For the fiscal years ended June 30, 2005 and 2006, Ascension Health generated $242 million and $390 million of investment income, respectively.

Ascension Health maintains a cash management program and a long-term investment program that is comprised primarily of operating and capital funds originating from the Members of the Senior Credit Group. These programs are combined into a pooled investment fund referred to as the Health System Depository, which is centrally administered by Ascension Health finance staff.

Through its cash management and investment management program, Ascension Health invests assets of other Roman Catholic health systems in the Health System Depository. The asset allocation and investment guidelines for the Health System Depository are approved by the Ascension Health Board of Trustees. The Health System Depository utilizes professional investment management firms to invest all of these investments.

The Health System Depository is comprised of two separate funds, a short-term fund and a long-term fund. The short-term fund is invested in a variety of fixed income securities. The aggregate duration of the short-term fund does not exceed one year. For operating purposes, at least 25% of the short-term fund is comprised of securities with same-day settlement. The long-term fund previously had a target asset allocation of 50% equities, 45% fixed income and 5% cash. The actual asset allocation for the long-term fund was within two percentage points of this target asset allocation as of June 30, 2006. As a result of a change in investment policies, the current target asset allocation is 40% equities, 30% alternatives and 30% fixed income and cash. As of June 30, 2005 and June 30, 2006, the market value of Ascension Health's portion (excluding self-insurance and miscellaneous loan assets but including the assets of a philanthropic organization not under the control of Ascension Health but included in the Senior Credit Group) of the short-term fund was $567 million and $531 million, respectively, and the market value of Ascension Health's portion of the long-term fund was approximately $4.9 billion and $5.1 billion, respectively.

Ascension Health increased its unrestricted cash and investments by 5% or $258 million to $5.6 billion between June 30, 2005 and 2006. As of June 30, 2006, Ascension Health's unrestricted cash and investments included $730 million of cash and short-term investments, $3.5 billion of board-designated investments and $1.4 billion of other investments. This combined unrestricted cash and investment position represented 134% of Ascension Health's total debt as of June 30, 2006. The addition of the assets and liabilities of those Senior Credit Group Members that are not consolidated within the financial statements of Ascension Health results in increases in cash and investments of $244 million and in total debt of $42 million as of June 30, 2006. The inclusion of the cash and investments and total debt of those excluded Senior Credit Group Members would result in the cash and investment position increasing to 139% of total debt as of June 30, 2006.

Ascension Health's ability to generate investment income is dependent in large measure on market conditions and the composition of the Senior Credit Group Members' investment portfolio. The value of the Senior Credit Group Members' investment portfolio, and their investment income, have fluctuated significantly in the past and may fluctuate significantly in the future. All unrealized gains and losses are reported as a change in net assets rather than through net income. Given the size of the investments, Ascension Health management believes that changes in levels of returns on its investment portfolio and the timing of recognition of those returns is likely to continue to have a significant impact on its net income levels.

Pension Plans

Ascension Health sponsors numerous pension plans throughout its System, both defined benefit and defined contribution plans. The majority of these plans are governed under a Church Plan Exemption, and as such are not subject to ERISA funding requirements. This exemption provides flexibility to Ascension Health in its management and funding of the plans.

On September 29, 2006, the FASB issued a Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB

Statements No. 87, 88, 106 and 132(R). This statement represents the first phase within a two phase comprehensive FASB project directed toward clarifying pension information recorded and disclosed in the financial statements, including other post employment benefit accounting issues, as well as moving toward consistent international pension accounting standards.

The primary requirements of the statement are as follows, including anticipated implementation dates for Ascension Health.

- Recognize in the balance sheet an asset for a defined benefit postretirement plan's overfunded status or a liability for a defined benefit postretirement plan's underfunded status (implementation effective June 30, 2007);

- Measure pension assets and liabilities as of the financial statement date versus the current option to measure such amounts up to three months prior to the financial statement date (implementation effective June 30, 2009); and

- Recognize changes in the funded status as a component of unrestricted net assets in the fiscal year in which the changes begin to occur (implemental effective for the fiscal year ending June 30, 2007).

As it relates to the recognition of the underfunded status of the plan, application of the new statement is expected to result in a decrease in unrestricted net assets and an increase in pension liability of approximately $577 million as of June 30, 2007. The effect of the remaining changes is currently unknown.

Physician Practices

Ascension Health and its Health Ministries have a wide range of relationships with physicians and physician groups. Ascension Health and its Health Ministries have invested significant management and financial resources into physician integration activities, including both the acquisition of physician practices and employment of physicians. The number of owned practices has grown selectively in a number of financially strong marketplaces, including Baltimore, Indianapolis and Tucson, consistent with strategic market positioning.

Ascension Health management has estimated that for the fiscal year ended June 30, 2006, direct operating losses averaged $61,000 per employed primary care physician. Applying this average total loss to the total number of employed physicians would indicate that Ascension Health experienced an estimated loss associated with primary care physician employment of approximately $42 million in the fiscal year ended June 30, 2006. Management is actively pursuing strategies to minimize physician practice losses; however, significant losses associated with currently employed or affiliated physicians are expected to continue during the fiscal year ending June 30, 2007 and possibly thereafter.

Care of Persons Who are Poor and Community Benefit

The Senior Credit Group Members that operate health care facilities provide healthcare to patients regardless of their ability to pay. In addition to providing charity care, the health care entities provide other programs and services which benefit the poor and the community.

Ascension Health uses four categories to identify the resources utilized for the care of persons who are poor and community benefit:

(1) Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.

(2) Unpaid cost of public programs represents the unpaid cost of services provided to persons covered by public programs for the poor.

(3) Cost of other programs for the poor includes unreimbursed costs of programs intentionally designed to serve the poor and vulnerable of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.

(4) Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the poor, including health promotion and education, health clinics and screenings, and medical research.

Ascension Health management estimates that the net cost to Ascension Health of providing care of persons who are poor and community benefit programs for the fiscal year ended June 30, 2006 was as follows:

Traditional charity care	$198,658,000
Unpaid costs of public programs	297,047,000
Other programs for the poor	44,214,000
Community benefit	162,015,000
Care of persons who are poor and community benefit	$ 701,934,000

The cost of providing care to persons who are poor and community benefit programs is estimated using each facility's internal cost data. The estimates may continue to be refined subsequent to the balance sheet date.

Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons who are poor and community benefit programs.

Management's Discussion of Financial Performance

Ascension Health - Fiscal Years Ended June 30, 2005 and 2006

The consolidated balance sheet of Ascension Health as of June 30, 2006 shows cash and investments exceeding total debt, and the consolidated operating results for fiscal year 2006 demonstrates a debt service coverage at 7.7 times for total (senior plus subordinate) debt, and 8.6 times for the senior debt. Earnings before interest, depreciation and amortization, or EBIDA, of $1.5 billion for the fiscal year ended June 30, 2006 compares to $1.3 billion for the fiscal year ended June 30, 2005. The increase from the previous year relates principally to favorable investment market returns and operating performance, as operating EBIDA was $1.2 billion and $1.1 billion for the years ended June 30, 2006 and 2005, respectively.

Statement of Operations and Changes in Net Assets.

Discontinued Operations. During the year ended June 30, 2006, Ascension Health management undertook action to sell St. Joseph Hospital in Augusta, Georgia and DeKalb Hospital in Smithville, Tennessee. DeKalb Hospital was sold effective June 30, 2006; St. Joseph Hospital is considered to be held for sale under a Letter of Intent dated June 23, 2006, with a final sale date anticipated by November 30, 2006. Both transactions have been accounted for as discontinued operations and the hospital's operating information are excluded from the financial and statistical information.

Revenues and net loss included in the results of discontinued operations for the year ended June 30, 2006, were $72 million and $13 million, respectively, while revenues and net loss included in the results of discontinued operations for the year ended June 30, 2005, were $90 million and $24 million, respectively.

Operating Results. For fiscal year 2006, Ascension Health improved its operating income over the previous fiscal year by 11.7% ($52 million) to $498 million. The prior year operating results were surpassed due to numerous operational initiatives at several of the Health Ministries.

In the fiscal year ended June 30, 2006, Ascension Health's net patient service revenue totaled $10.7 billion, representing a $536 million (5.3%) increase from the prior year. Revenue growth reflects an improved collection rate (primarily due to revenue cycle improvements) as equivalent discharges increased only 0.8% for the fiscal year

ended June 30, 2006. Other operating revenue increased by $99 million or 17.1% from prior year as a result of increased income from unconsolidated entities, successful fundraising, investment income on self insurance funds and increased volume in retail pharmacy sales and other services.

Total recurring operating expenses increased 5.9% from the fiscal year ended June 30, 2005, to $10.9 billion in the fiscal year ended June 30, 2006. Salaries and wages increased ($263 million or 6.2%) primarily as a result of increases for merit and retention ($183 million) and FTE increases ($80 million). Supplies increased ($144 million or 7.8%) as a result of higher chemotherapy drug costs and increased utilization of drug eluting stents, bi-ventricular heart failure devices, orthopedic implants and blood products. Purchased services increased ($110 million or 21.0%) as a result of information systems outsourcing and increased utilization of other purchased services. As volumes remained fairly flat, these expense increases resulted in the total cost per equivalent discharge increasing by 5.0% from the prior year.

Restructuring and Other Nonrecurring Expenses. Restructuring and nonrecurring expenses of $6 million for the year ended June 30, 2006, relate primarily to costs incurred and property damage sustained as a result of flooding on June 28, 2006 at Our Lady of Lourdes Memorial Hospital in Binghamton, New York. A total of 106,000 square feet of space was damaged. The Hospital was closed for operations through July 9, 2006. On July 10, the Hospital opened its emergency department, began admitting inpatients and resumed normal operations, although certain areas were operating in a limited capacity until all reconstruction efforts were completed.

Net Nonoperating Gains. For fiscal year 2006, net nonoperating gains increased $100 million from the prior year. Favorable investment markets contributed significantly to this increase. Investment income was offset by realized losses on interest rate swaps and other nonoperating activity.

Net Income. For fiscal year 2006, net income of $803 million was favorable to the prior year net income of $651 million due to operating improvements and favorable investment markets. The Health System Depository experienced a 7.0% rate of return for the year ended June 30, 2006.

Change in Net Assets. Unrestricted net assets increased by $1.1 billion for the fiscal year ended June 30, 2006. This increase reflects the net income of $803 million, decrease in additional minimum pension liability of $207 million, unrealized gains on interest rate swaps of $110 million, and net assets released from restrictions for property additions of $48 million; offset by $13 million of loss from discontinued operations, $19 million cumulative effect of changes in accounting principles, and other net decreases of $8 million.

Balance Sheet.

Patient Accounts Receivable. Net accounts receivable increased $97 million from the prior year to $1.4 billion at June 30, 2006. Net days in accounts receivable were 48 days as of June 30, 2006.

Long-Term Debt. Total debt increased $40 million from June 30, 2005 primarily as a result of issuing $76 million in commercial paper for financing the acquisition of St. Luke's in Jacksonville, Florida. The debt service coverage ratio was 7.5 (times) for the fiscal year ended June 30, 2005 and 7.7 (times) for the fiscal year ended June 30, 2006.

Statement of Cash Flows.

Operating activities generated $711 million of cash during the fiscal year ended June 30, 2006. Investing activities used $930 million of cash of which $995 million was used for net purchases of property, plant and equipment. Financing activities provided $130 million of cash which related primarily to issuance of long-term debt.

On an aggregate basis, unrestricted cash and investments increased by $258 million for the year to $5.6 billion. Days cash on hand was 196 days as of June 30, 2006, a decrease of 2 days from June 30, 2005.

Historical Utilization

The following chart shows selected utilization statistics for the hospitals operated by the Senior Credit Group Members for the fiscal years ended June 30, 2005 and 2006. The utilization data excludes psychiatric care, rehabilitation care and subacute care. The hospitals are grouped by major market areas and in many locations include more than one hospital and more than one Member of the Senior Credit Group.

Historical Utilization Data of the Hospitals in the Ascension Health Credit Group for the Fiscal Years Ended June 30

	Date Established	Available Acute Beds		Acute Discharges		Acute Patient Days		Acute Average Length of Stay	
		2005	2006	2005	2006	2005	2006	2005	2006
ALABAMA									
Birmingham	1898	296	338	20,497	20,559	93,971	93,680	4.6	4.6
Mobile	1854	349	349	16,011	15,812	75,617	74,430	4.7	4.7
ARIZONA									
Nogales	1960	31	31	1,890	1,908	3,972	4,011	2.1	2.1
Tucson	1880	638	638	29,759	30,820	133,938	139,966	4.5	4.5
CONNECTICUT									
Bridgeport	1903	298	298	16,725	17,403	89,391	88,652	5.3	5.1
DISTRICT OF COLUMBIA									
Washington D.C.	1864	226	226	12,231	12,414	68,101	70,627	5.6	5.7
FLORIDA									
Jacksonville	1916	460	460	26,527	26,932	135,892	135,724	5.1	5.0
Pensacola	1915	453	453	26,924	26,177	130,094	121,405	4.8	4.6
GEORGIA									
Augusta	1952	115	84	5,530	3,794	24,487	16,491	4.4	4.3
IDAHO									
Lewiston	1902	121	121	5,531	5,138	22,441	20,464	4.1	4.0
INDIANA									
Evansville	1872	369	387	15,886	14,245	77,219	70,968	4.9	5.0
Indianapolis	1881	1,020	1,038	53,137	50,308	253,653	242,714	4.8	4.8
MARYLAND									
Baltimore	1862	300	308	21,790	22,146	86,910	88,110	4.0	4.0
Cumberland	1905	261	250	15,821	15,771	64,996	63,909	4.1	4.1
MICHIGAN									
Detroit	1934	1,578	1,601	94,042	93,783	460,285	450,915	4.9	4.8
Flint	1921	378	378	25,182	25,771	101,933	104,759	4.0	4.1
Kalamazoo	1888	286	286	18,430	18,273	77,211	72,259	4.2	4.0
Saginaw	1874	247	293	12,779	13,662	70,375	68,851	5.5	5.0
Tawas	1955	49	49	2,626	2,425	7,710	7,160	2.9	3.0
MISSOURI									
Kansas City	1874	353	351	18,992	19,008	83,191	82,181	4.4	4.3
NEW YORK									
Amsterdam	1903	101	101	5,378	5,480	27,820	27,968	5.2	5.1
Binghamton	1926	172	172	9,137	8,434	40,348	39,044	4.4	4.6
Niagara Falls	1907	155	116	6,182	6,360	30,998	30,689	5.0	4.8
Troy	1850	173	137	7,513	7,333	35,870	35,224	4.8	4.8
PENNSYLVANIA									
Pottsville	1920	129	108	6,613	6,418	35,071	32,095	5.3	5.0
TENNESSEE									
Nashville	1898	1,153	1,069	64,687	61,336	289,440	277,151	4.5	4.5
TEXAS									
Austin	1902	844	862	46,533	50,123	222,026	235,242	4.8	4.7
Waco	1904	170	170	12,565	12,846	46,964	47,498	3.7	3.7
WASHINGTON									
Pasco	1916	25	25	2,456	1,836	6,536	5,136	2.7	2.8
WISCONSIN									
Milwaukee	1848	530	530	23,694	23,606	108,712	108,709	4.6	4.6
TOTAL		11,280	11,229	625,068	620,121	2,905,172	2,856,032	4.6	4.6

CORPORATE STRUCTURE AND MANAGEMENT

Sponsorship and Members

Ascension Health is sponsored by the Northeast, Southeast, East Central and West Central Provinces of the Daughters of Charity of St. Vincent dePaul, by the Congregation of the Sisters of St. Joseph of Nazareth and by the Congregation of the Sisters of St. Joseph of Carondelet. The six current Members of Ascension Health are:

(1) the Visitatrix and Provincial Council of the Northeast Province of the Daughters of Charity in the United States;

(2) the Visitatrix and Provincial Council of the Southeast Province of the Daughters of Charity in the United States;

(3) the Visitatrix and Provincial Council of the East Central Province of the Daughters of Charity in the United States;

(4) the Visitatrix and Provincial Council of the West Central Province of the Daughters of Charity in the United States;

(5) the President and Leadership Team of the Sisters of St. Joseph of Nazareth; and

(6) the Congregation of the Sisters of St. Joseph of Carondelet.

Sponsors Council

Each Member has designated representative(s) to serve on the Sponsors Council, which is empowered to exercise all rights and privileges of the Members, including the exercise of reserve powers and the appointment of the Members to the Ascension Health Board of Trustees. In addition, the Sponsors Council appoints two additional Members. Except as otherwise provided by law or the Articles of Incorporation or Bylaws of Ascension Health, all actions of the Sponsors Council are taken by two-thirds vote.

The powers reserved to the Sponsors Council, acting on behalf of the Members, include the following:

(1) approve, assure compliance with, change and interpret the philosophy, mission, vision, Sponsor expectations and core values of the Ascension Health system.

(2) approve and amend the Articles of Incorporation and Bylaws of Ascension Health.

(3) appoint, upon the recommendation of the Board of Ascension Health, or remove, with or without cause, the members of the Board of Trustees of Ascension Health.

(4) appoint, upon the recommendation of the Board of Ascension Health, or remove, with or without cause, after consultation with the Board, the Chair of the Board of Trustees of Ascension Health.

(5) approve the alienation of assets as required by Canon law, subject to the affirmative vote of the Member's representative(s) on the Sponsors Council in whose jurisdiction the alienation occurs.

(6) approve the sale, transfer or substantial change in use of all or substantially all of the assets of Ascension Health and approve the merger, dissolution or consolidation of Ascension Health and the disposition of assets of Ascension Health upon dissolution.

(7) ratify the appointment of and remove or ratify the removal of, with or without cause, the President/CEO of Ascension Health.

(8) subject to canonical requirements, to establish the overall debt limit for the Ascension Health system and approve the incurrence of debt by the Ascension Health system in excess of that limit.

The current members of the Sponsors Council are as follows:

Members
Sr. Janet Fleischhacker, SSJ, President, Sisters of St. Joseph of Nazareth
Sr. Mary Francis Martin, DC, Visitatrix, Northeast Province — Daughters of Charity
Sr. Barbara Moore, CSJ, Congregational Leadership Team, Sisters of St. Joseph of Carondelet
Sr. Honora Remes, DC, Visitatrix, East Central Province — Daughters of Charity
Sr. Mary Katherine (Kay) Ryan, CSJ, Province Director, Albany Province, Sisters of St. Joseph of Carondelet
Sr. Marie Therese Sedgwick, DC, Visitatrix, West Central Province — Daughters of Charity
Sr. Elyse Staab, DC, Visitatrix, Southeast Province — Daughters of Charity
Sr. Rita Ann Teichman, SSJ, Leadership Team, Sisters of St. Joseph of Nazareth
Mr. Daniel J. Elsner, lay sponsor
Mr. John "Jack" W. Logue, lay sponsor

Board of Trustees

The business, property, affairs and funds of Ascension Health are managed, supervised and controlled by the Board of Trustees, who exercise all powers of Ascension Health not reserved to the Members and in accordance with Ascension Health system policy and subject to the limitations contained in Ascension Health's Articles of Incorporation and Bylaws and applicable law. The Board of Trustees consists of ten to fifteen Board members, as fixed from time to time by the Sponsors Council. Actions of the Board of Trustees are taken by majority vote of a quorum, except for appointment of the members of the boards of trustees of the organizations to which Ascension Health serves as the sole or controlling corporate member and approval of Ascension Health system's consolidated operating and capital budgets, which require a two-thirds supermajority vote.

The current members of the Board of Trustees are as follows:

Members	
John "Jack" O. Mudd, JD, JSD (Board Chair)	Sister Kathleen Natwin, DC
Jean Katherine deBlois, CSJ	Sister Theresa Peck, DC
Andre' L. Delbecq, D.B.A.	Sister Jean Rhodes, DC
Betty Granger, SSJ	Ciro V. Sumaya, MD, MPHTM
Sister Bonnie Hoffman, DC	Anthony R. Tersigni, Ed.D., FACHE,
Sister Kathleen Kelly, CSJ	Mary Joan Walsh, SSJ

Management

The current senior management of Ascension Health is as follows (CEO is listed first, and all others are listed in alphabetical order):

Anthony R. Tersigni, Ed.D., FACHE, President & Chief Executive Officer. Dr. Anthony Tersigni was appointed President and CEO of Ascension Health on June 18, 2004. Prior to his appointment as President and CEO, he served as Ascension Health's Executive Vice President and Chief Operating Officer from January 2001 through December 2003. He was interim CEO for the system beginning in January 2004. From 1995 to 2000, Dr. Tersigni was President and Chief Executive Officer at St. John Health, Detroit, Michigan, Ascension Health's largest integrated health system. He also served the St. John system as Executive Vice President and Chief Operating Officer from 1994 to 1995. He has held senior leadership positions for numerous other healthcare organizations,

including the Sisters of St. Joseph Health System, Ann Arbor, Michigan; Sisters of Charity Healthcare Systems, Cincinnati, Ohio; The Detroit Medical Center, Detroit; Michigan; and Hospital Corporation of America, Nashville, Tennessee. Since 1985, Dr. Tersigni has been a Clinical Professor of Health and Behavioral Sciences at Oakland University. Dr. Tersigni has served as a board member of many professional organizations and is currently a board member of the Detroit Economic Club; University of Detroit-Mercy; The National Catholic Bioethics Center; and serves as national development co-chair for the Society of St. Vincent DePaul. He is the recipient of many professional awards, including the 2004 Senior-Level Healthcare Executive Regent's Award from the American College of Healthcare Executives for his contributions toward the advancement of healthcare management. He was named Crain's Detroit Business Newsmaker of the Year in 2000, and was awarded the Excellence in Service/Civic and Humanitarian Award from the Arab-American/Chaldean Council in 1999. Dr. Tersigni also received the Maimonides Award from the State of Israel in 1997, and the Knighthood of Merit of the Republic of Italy in 1996. Dr. Tersigni holds a doctorate in the field of leadership/organizational development from Western Michigan University, Kalamazoo, Michigan.

Andrew W. Allen, Senior Vice President. Andrew Allen is a Senior Vice President of Ascension Health. His key responsibility is to seek out and evaluate opportunities to grow our ministries, while providing thought leadership in assisting our health ministries in the achievement of Ascension Health's goals. Prior to joining Ascension Health, Mr. Allen worked at the senior executive level at Carondelet Health System, St. Louis, Missouri, from 1995-2002. During his tenure he served as President and Chief Executive Officer and as Executive Vice President and Chief Operating Officer. Mr. Allen's healthcare career includes service in many leadership roles, including President and Chief Executive Officer, as well as Senior Vice President and Chief Operating Officer at St. Elizabeth Hospital Medical Center, Youngstown, Ohio. He was Executive Vice President at Marian Health Center, Sioux City, Iowa. Mr. Allen served as Executive Vice President and Chief Operating Officer, and Vice President for Professional Services at Baptist Hospitals and Health Systems in Phoenix, Arizona, and as Interim Chief Executive Officer at Valley View Community Hospital, a facility within the Baptist Hospital and Health System. Mr. Allen is a Diplomat of the American College of Healthcare Executives. Mr. Allen holds a bachelor's of science and master's of public health in hospital administration both from Tulane University, New Orleans, Louisiana.

James K. Beckmann, Jr., Senior Vice President and Chief Risk Officer. James K. Beckmann, Jr. is the Senior Vice President and Chief Risk Officer at Ascension Health. In this role, Mr. Beckmann is responsible for the establishment and maintenance of an efficient and comprehensive risk management program for Ascension Health. He provides proactive counsel to assist Ascension Health in adopting and adhering to the best risk management practices. Mr. Beckmann comes to Ascension Health from Marsh USA Inc., where he was Senior Vice President in charge of client executive and business development groups. In that role, he worked closely with healthcare clients with sophisticated risk financing needs. He also held other positions within Marsh including St. Louis Middle Market Practice Leader, Healthcare Department Leader and Regional Healthcare Sales Leader. Prior to joining Marsh, he held several management and client service positions for a regional insurance broker in Louisville, Kentucky He holds a bachelor's degree in economics and applied mathematics from Centre College, Danville, Kentucky, and a master's degree in business administration from the University of Tampa, Florida.

Sherry L. Browne, Senior Vice President and Chief Information Officer. Sherry L. Browne is Senior Vice President and Chief Information Officer at Ascension Health. Ms. Browne is responsible for implementing Ascension Health's information technology strategy in deploying information technology to meet strategic, operational and financial objectives. Prior to joining Ascension Health, Ms. Browne was the Chief Information Officer for Monet Mobile Networks in Seattle, Washington, a start-up wireless data company. There, she led the launch team in selection, development and deployment of all operating systems, vendors and processes. She previously spent 12 years at Sprint in Kansas City, Missouri, where she worked in information technology and finance, and held positions of increasing responsibility, including Chief Information Officer for Sprint PCS and Vice President of Revenue Operations for the finance department. As Chief Information Officer of Sprint PCS, Sprint's fastest-growing division, she directed strategic business planning, data center operations in six locations, application development, network engineering, data management strategies and complete back office support. Prior to joining Sprint, Ms. Browne was the Vice President, Retail Delivery Systems for UMB Banks, NA, in Kansas City, Missouri.

Sister Bernice Coreil, DC, Senior Executive Advisor to the President and Interim President, Great Lakes and Mid-Atlantic States Operating Group. Sr. Bernice Coreil, DC, is the Senior Executive Advisor to the President at Ascension Health. She received a bachelor's degree in business administration in 1969, from Regis

College, Denver, Colorado, graduating Magna Cum Laude; a master's degree in health care administration in 1972, from George Washington University, Washington, DC; and an honorary doctorate in 2006 from Aquinas Institute, St. Louis, Missouri. Her experience in health ministry ranges from Business Manager to Chief Executive Officer, and in Provincial Leadership as Health Councillor and Visitatrix of the Daughters of Charity, West Central Province. Prior to the formation of Ascension Health, Sr. Bernice served as Senior Vice President for System Integration for the Daughters of Charity National Health System from 1993 to 1999. Sr. Bernice currently serves as a member of several professional organizations including: Diplomat of the American College of Healthcare Executives; Member, ACHE Regent's Advisory Council of Missouri; Member, Mercy Housing Strategic Health Care Partners; the National Coalition on Catholic Health Care Ministry; Seton Institute Advisory Board; Migrant Health Promotion Program; Catholic Health Association Special Advisory Committee for Assembly; Catholic Charities USA; Catholic Health Association Committee on Collaborative Initiative on Refugees; Planning Committee for Loyola Sponsorship Center; Lifetime Advanced Member, Healthcare Financial Management Association; Chair, Nazareth Hall Board; Chair, Sub-Committee on Diversity for ACHE Regional Advisory Council; Chair, Grants Committee of Incardinate Word Foundation; Board of Incardinate Word Foundation; and Hospital Sisters Health System Board. Sr. Bernice is the recipient of the 1994 Samuel Cardinal Strich Award for Health Affairs, and received the Archbishop John L. May Leadership Award for Distinguished Health Care Ministry from the Archbishop's Commission on Community Health in 1997. Sr. Bernice also received the American College of Healthcare Executives Senior Level Healthcare Executive Regents Award at the 1999 Missouri Hospital Association Convention. And in 2003, she received the Lifetime Achievement award from the Catholic Health Association.

John D. Doyle, Chief Strategy Officer. John D. Doyle is the Chief Strategy Officer at Ascension Health. In this role, he has responsibility for the development and implementation of the overall system strategy. Mr. Doyle also ensures execution of the strategic initiatives that comprise Ascension Health's Call to Action and oversees System communications. Mr. Doyle was previously Senior Vice President, Strategic Business Development & Innovation for Ascension Health. He also served as President of Ascension Health Ventures (AHV), the strategic health venture investing subsidiary of Ascension Health. Before joining Ascension Health's System Office, Mr. Doyle was Executive Vice President for Strategic Development for the Central Indiana Health System (CIHS)/St. Vincent Hospitals and Health Services, overseeing strategic planning, network development, managed care, marketing, corporate communications and government affairs. He joined St. Vincent in Indianapolis in 1996. Prior to that tenure, Mr. Doyle owned and operated a consulting firm that provided strategic planning and marketing services to a diverse client list in a variety of industries. Mr. Doyle is a former Vice President of Marketing, Public Affairs and Product Line Management for MacNeal Health Network in Chicago and a former director of marketing and public relations for the Educational Services Unit of ITT Corp. He began his career with St. Jude Children's Research Hospital. Mr. Doyle earned a bachelor's degree from Butler University, Indianapolis, Indiana, and a master's degree from Ball State University, Muncie, Indiana.

Mark A. Eustis, President, Regional Ministry Operations. Mark Eustis is the President of Ascension Health's Regional Ministry Operations. In this role, he provides thought leadership in assisting the Health Ministries to achieve Ascension Health's goals, and is responsible for exploring and evaluating growth opportunities for the ministries. Prior to joining Ascension Health, Mr. Eustis was the Senior Executive Officer at BJC HealthCare, St. Louis, Missouri, from January 2000 to March 2005. He began his career at BJC HealthCare in July 1996, serving as President of Missouri Baptist Medical Center and as Senior Executive Officer for BJC HealthCare's West/South Region. Mr. Eustis' healthcare career includes several leadership roles at the Detroit Medical Center, Detroit, Michigan, from April 1989 to July 1996. There, he was Senior Vice President of the Northwest Region; President, Grace Hospital and President, Huron Valley Hospital. Mr. Eustis also held executive positions at St. John Health, Detroit, Michigan., from July 1979 to April 1989, including Executive Vice President and Chief Operating Officer of Affiliated Health Services, Inc. and St. Clair Ambulatory Care Corporation. He also served as the administrator of St. John Health's River District Hospital, St. Clair, Michigan. Mr. Eustis holds a bachelor's degree in business administration and a master's degree in hospital and health care administration, both from the University of Minnesota, Minneapolis, Minnesota. For the past four years, Mr. Eustis has been an adjunct faculty member in the health administration graduate program at Washington University, St. Louis, Missouri. He has served on the board of the American Heart Association, Missouri Baptist Healthcare Foundation and Mid-America Transplant Services. Additionally, he was the Health Services Division Chair for the United Way of Greater St. Louis in 1998 and 1999.

Robert J. Henkel, Executive Vice President, Chief Operating Officer. Robert J. Henkel is the Chief Operating Officer at Ascension Health. Prior to his appointment, he served as President of the Great Lakes and

Mid-Atlantic States Operating Group at Ascension Health. In that role, he was responsible for healthcare operations in Connecticut, Maryland, Michigan, New York, Pennsylvania, Washington, D.C. and Wisconsin. Mr. Henkel has served in a number of executive capacities including Executive Vice President at St. Louis Healthcare Network in St. Louis, Missouri, where he was directly responsible for the management of four hospitals and two medical groups, and President and Chief Executive Officer of DePaul Health Center in St. Louis where he successfully led a financial turnaround for the organization. He currently serves as a Board Member of the University of Rochester Graduate School of Business Health Sciences Board, Rochester, New York; a member of the American College of Healthcare Executives; and a member of the Healthcare Executives Network. He has also served as the Chairman of the Columbia-St. Mary's Board of Trustees, Milwaukee, Wisconsin. Mr. Henkel received a bachelor's degree in economics from Union College, Schenectady, New York, and a master's degree in public health from the University of Pittsburgh in Pittsburgh, Pennsylvania.

Joseph R. Impicciche, Senior Vice President, Legal Services and General Counsel. Joseph Impicciche is the Senior Vice President, Legal Services and General Counsel for Ascension Health. He is responsible for providing legal counsel to the corporation, Board of Trustees and to executive management. He coordinates legal services for major projects and transactions; leads system-to-system affiliation initiatives; assists with business development activities; and manages outside legal relationships on behalf of Ascension Health. Prior to joining Ascension Health, Mr. Impicciche was a partner in a private law firm with a major concentration in public finance, business and tax law for nonprofit organizations. He also served as General Counsel for St. Vincent Health in Indianapolis, Indiana. Because of his expertise, Mr. Impicciche has made presentations on tax and business related subjects to numerous organizations. He is a member of the Indianapolis and Indiana State Bar Associations and the National Association of Bond Lawyers. He has served as a Board member of numerous organizations, including the Heart Center of Indiana, the Indianapolis Association of Wabash Men, Community Action of Greater Indianapolis and the Indianapolis Humane Society. He was recognized in the Indianapolis Monthly "Indiana Super Lawyers 2004" in March 2004. Mr. Impicciche earned a juris doctorate from Indiana University School of Law, Indianapolis, Indiana, and a master's degree in health care administration from Indiana University. He received a bachelor's degree from Wabash College, Crawfordsville, Indiana, where he was a Lilly Scholar. He was an adjunct professor of commercial law at Indiana University, Indianapolis, School of Business for fifteen years, and was an adjunct professor at Indiana University Law School, Indianapolis, from 1999 to 2003. Since moving to St. Louis, Mr. Impicciche has also taught at Saint Louis University Law School.

Laura S. Kaiser, President, Non-Acute Care Operations. Laura S. Kaiser is the President, Non-Acute Care Operations at Ascension Health. Ms. Kaiser's role is to lead facilities providing non-acute care services as well as developing and implementing Ascension Health's non-acute care strategy. Prior to her appointment, Ms. Kaiser served as interim President and CEO at Saint Mary's Medical Center in Saginaw, Michigan and as Vice President, Strategic Resources Team (SRT) at Ascension Health, where she worked with strategy leaders to provide support for planning and implementing key strategic initiatives. Ms. Kaiser earned a master's degree in business and a master's degree in hospital and health care administration from Saint Louis University. She received a bachelor's degree in health services management from the University of Missouri at Columbia. Before her position with this team, Ms. Kaiser was Senior Director of Decision Strategy and Support for Ascension Health, after serving as Vice President at Partners First, a for-profit subsidiary of the Daughters of Charity National Health System (DCNHS). Ms. Kaiser first joined DCNHS as a Consulting Manager for the Managed Care Services division. Her healthcare experience also includes serving as the Executive Director/Chief Operating Officer of a physician multi-specialty group practice in Kansas City, Missouri; Chief Operating Officer of Cuyahoga Falls General Hospital in Cuyahoga Falls, Ohio; and Manager, Health Care Consulting, with the Cleveland office of Ernst & Young. Ms. Kaiser is a fellow of the American College of Health Care Executives and a member of the Medical Group Management Association and serves on several community boards.

Rex P. Killian, Senior Vice President, Governance and Sponsor Relations. Rex P. Killian is the Senior Vice President for Governance and Sponsor Relations at Ascension Health. His responsibilities are to assist and support the Sponsors Council and Board of Trustees of Ascension Health in achieving their goals and improving relationships among these groups and with Senior Leadership. Prior to his appointment, Mr. Killian was the Senior Vice President for Legal Services and General Counsel at Ascension Health. He provided legal counsel to the corporation and Board of Trustees; coordinated legal services for major projects and transactions; lead system-to-system affiliation initiatives; and managed outside legal relationships on behalf of Ascension Health. Before joining Ascension Health, Mr. Killian worked as Senior Vice President for Legal Services & General Counsel for Daughters of Charity National Health System, Inc. In this role, he served as internal transaction counsel for the consolidation of

the Daughters of Charity National Health System and the Sisters of St. Joseph Health System. In addition, Mr. Killian developed the system's legal services department. Previously, Mr. Killian practiced law as a principal at Hall, Render, Killian, Heath, & Lyman, P.S.C., in Indianapolis, Indiana. He was instrumental in growth and expansion of the firm from a state to a national health law practice. In addition, he served as regional counsel for the Daughters of Charity National Health System - East Central, Inc. Mr. Killian is a current member of the American, Indiana, and the Missouri bar associations, as well as the American Health Lawyers Association. Mr. Killian received a bachelor of science degree from the Indiana University School of Business, Bloomington, Indiana, and his juris doctorate from the University of Michigan, Ann Arbor, Michigan.

Hyung Tai Kim, MD, Vice President, Research and Development. Hyung Tai Kim, MD, is the Vice President of Research and Development for Ascension Health. In this newly created role, Dr. Kim is responsible for the establishment and implementation of Ascension Health's Research and Development (R&D) agenda, which includes responsibility for Healthcare That Works, part of Ascension Health's Call to Action. As such, he will focus on developing sustainable, holistic models of care characterized by consistently exceptional levels of effectiveness, service and satisfaction. In addition to leading pilots of these potentially transformational approaches for healthcare delivery, he will also work collaboratively with internal resources, strategic partners, and external thought leaders and research organizations around transforming healthcare. Dr. Kim came to Ascension Health from Thomson Medstat where he was Vice President of Clinical Practice Leadership. Prior to Thomson Medstat, he was a leader of the healthcare practice at McKinsey & Company. He has extensive experience in leading teams working to set direction and manage change on a complex array of issues in healthcare quality, service operations and information technology. Dr. Kim was instrumental in the development of programs that help hospitals meet quality and patient care standards, while improving operational effectiveness, service and satisfaction. He holds a BA and MD from Johns Hopkins University in Baltimore, Maryland, and an MBA from the University of Michigan Business School in Ann Arbor, Michigan.

Michael T. Langlois, Senior Vice President and Chief Supply Chain Officer. Michael (Mike) T. Langlois is the Senior Vice President and Chief Supply Chain Officer at Ascension Health. He has progressive experience in health care supply chain management and in his current role he is responsible for the operations of the five elements of Ascension Health's National Supply Chain Initiative. These elements are: contracting, value analysis, supply chain solutions, logistics and performance management. Prior to joining Ascension Health, Mr. Langlois was employed in several positions within the Materials Management Department at St. John Health in Detroit, Mich., most recently serving as Vice President of Materials Management. Mr. Langlois received a master's degree in the science of administration from Central Michigan University, Midland, Michigan. He received a bachelor's degree in business administration from Wayne State University, Detroit, Michigan.

Stephen D. LeResche, Vice President, Communications. Stephen D. LeResche is Vice President, Communications at Ascension Health. In this position, Mr. LeResche provides leadership in public relations, as well as external and internal communications, developing and executing communications strategies and programs for the Ascension Health system. Prior to joining Ascension Health, Mr. LeResche served as Vice President – Public Communications for Anheuser-Busch Companies, Inc., a $14 billion diversified global corporation headquartered in St. Louis, Missouri. Mr. LeResche also served as a Senior Vice President for Fleishman-Hillard, Inc., the world's largest global public relations and communications services provider. Before his work in corporate communications, Mr. LeResche was an award-winning reporter in both print and broadcast journalism. Mr. LeResche is a member of the Boards of Directors for the Arts and Education Council of Greater St. Louis and the Make-A-Wish Foundation of Greater St. Louis. He also is a member of the Chancellor's Public Relations Council for Washington University in St. Louis. Mr. LeResche attended Davidson College in Davidson, North Carolina, and received a bachelor of journalism degree from the University of Missouri at Columbia.

Susan Nestor Levy, Senior Vice President, Advocacy and External Relations. Susan Nestor Levy is the Senior Vice President for Advocacy and External Relations at Ascension Health. Ms. Levy is the strategy leader for Ascension Health's "Healthcare That Leaves No One Behind," a part of Ascension Health's Call to Action. In her role as strategy leader, Ms. Levy is accountable for the system-wide approach to achieving 100 percent access within each of Ascension Health Ministry communities. In her role, she manages the system-wide functions of national legislative leadership, advocacy, public policy, and government relations. She oversees a number of model initiatives to expand access within Ascension Health communities. In addition, she is responsible for partnerships with key organizations essential to implement Ascension Health's national legislative, public policy, and advocacy agenda. Prior to joining Ascension Health, Ms. Levy served as the Executive Director of Policy in the Office of

Policy and Representation for the Blue Cross and Blue Shield Association in Washington, D. C. As Executive Director, she was responsible for formulating the Association's national policy on healthcare legislation. Prior to joining the Blue Cross and Blue Shield Association, Ms. Levy served as the Medicare Part A legislative and policy expert to the United States Senate Committee on Finance. During this tenure, Ms. Levy was one of a small number of health staff to the U.S. Congress during the historic Clinton health reform debate. Additionally, Ms. Levy worked for Health One Corporation (now Allina) in Minnesota where she held positions of increasing responsibility, including Vice President of Strategic Development and Director of Hospital Planning. Prior to joining Health One, she was Director of Services for the Aged and Director of Planning for Mercy Health Services (now Trinity Health) in Michigan. Ms. Levy currently serves on the executive committee of the National Advisory Council for the Department of Health Administration in the School of Public Health at Saint Louis University and is a current board member for the Seton Institute, a private international health services organization. Ms. Levy received a bachelor's degree from the University of Notre Dame, South Bend, Indiana., and holds a master's of hospital and health services administration degree from Saint Louis University, St. Louis, Missouri.

Sr. Maureen McGuire, DC, Senior Vice President, Mission Integration. Sister Maureen McGuire is Senior Vice President, Mission Integration at Ascension Health. In this role, she provides leadership in creating strategy and initiatives in the areas of mission and values integration, workplace spirituality, ethics, leadership formation and spiritual care. Her work supports the efforts of health ministry CEOs, Vice Presidents for Mission Integration and executive teams in their leadership of Ascension Health as a ministry continuing the healing mission of Jesus. Immediately prior to joining the senior leadership team of Ascension Health in 2002, Sister Maureen served as Vice President, Service Culture Development for the Catholic Health System (CHS) of Western New York in Buffalo, and concurrently as Vice President, Mission Integration for Mount St. Mary's Hospital and Health Center in Lewiston, New York. She also had served as Vice President, Mission Integration for Sisters of Charity Hospital in Buffalo, New York, and participated in the early formation of CHS while in that role. Prior to entering the healthcare ministry, Sister Maureen held various leadership and direct service roles in professional social work. She began as a caseworker and counselor, in child welfare and mental health settings in Philadelphia, Penn. She then served as a supervisor at the Family Life Bureau of the Diocese of Allentown, in two large rural counties, where she initiated programs of lay formation in 84 parishes preparing married couples to serve as facilitators of programs for engaged couples. She then assumed a leadership role as part of Catholic Charities of the Diocese of Albany, New York, serving as Executive Director of Catholic Family and Community Services in two counties. In this capacity she worked with an interfaith local Board to develop a wide variety of community-based services. In 1992, she initiated the Nazareth Residence for Mothers and Children in Roxbury, Massachusetts, one of the first transitional housing programs in the nation for homeless women and children affected by HIV/AIDS. Sister Maureen served for six years as Seminary Directress of the Daughters of Charity of St. Vincent De Paul, working with the new members of the community and developing the interprovincial formation program for the five US provinces. Sister Maureen earned her bachelor's degree, summa cum laude, from St. Joseph College in Emmitsburg, Maryland, and received her master's of social work from Temple University in Philadelphia in 1977.

David Pryor, M.D., Senior Vice President, Clinical Excellence. David B. Pryor, MD, is the Senior Vice President, Clinical Excellence and the senior clinical officer of the system. He collaborates with an outstanding team of physician, nursing and executive leaders at Ascension Health and leverages the system's clinical expertise, resources and information technology to advance the system's agenda and help Ascension Health become a premier spiritually-based partner for health. Prior to joining Ascension Health, Dr. Pryor was Senior Vice President and Chief Information Officer for Allina Health System in Minneapolis, Minnesota. Prior to Allina, Dr. Pryor was President of the New England Medical Center Hospitals in Boston, Massachusetts. Dr. Pryor began his rise to prominence in clinical excellence at Duke University Medical Center in Durham, North Carolina, where he served as a practicing cardiologist and Director of the cardiology consultation service, the section of Clinical Epidemiology and Biostatistics, the Duke Database for Cardiovascular Disease, and clinical program development. In his 15 years at Duke, Dr. Pryor chaired numerous committees including the Patient Care Subcommittee, the Duke University Heart Center Database Committee, the Quality Care Task Force and the Medical Center Computer Advisory Committee. Dr. Pryor currently serves on the editorial board of the American Journal of Medical Quality. He has served on the editorial boards of the American Journal of Managed Care, the International Journal of Cardiology, Cardiology Emergency Decisions, and as a reviewer for numerous other medical journals. He has authored more than 250 publications and has been the principal investigator of a number of significant research investigations. Dr. Pryor also has participated on numerous national and international committees including the Earnest Codman Awards Committee (JCAHO National Quality Awards, 1997-1999); The Advisory Council for Performance Measurement for the Joint Commission (1995 - present, chairman 1998-2003), the national scientific session

committees for the American Medical Informatics Association (AMIA) 2000 Spring Congress, the American College of Cardiology, 1991-92, and the American Heart Association, 1994-96. In addition to his position at Ascension Health, Dr. Pryor currently holds several academic appointments including Consulting Associate Professor of Medicine at Duke University Medical Center and Adjunct Professor at St. Louis University School of Public Health. Dr. Pryor is a graduate of the University of Michigan Medical School in Ann Arbor, Michigan, and he completed his medical internship and residency at Pennsylvania Hospital in Philadelphia, and his fellowship in cardiovascular diseases at Duke University in Durham, North Carolina.

Marvin Russell, MPA, Senior Vice President, Chief Human Resources Officer. Marvin Russell, MPA, is Senior Vice President, Chief Human Resources Officer at Ascension Health. In this role, he is responsible for all elements of Ascension's human resources organization which includes the design and development of integrated HR processes and systems and organizational development initiatives. Mr. Russell came to Ascension Health from New Jersey-based Alpharma, Inc., where he served as Vice President, Human Resources and Organizational Effectiveness. His career includes roles in organizational effectiveness and learning, quality and customer satisfaction, labor relations and employment. Prior to his New Jersey position, Mr. Russell spent eight years living and working in Paris, France, and Copenhagen, Denmark, for two multi-national corporations. Mr. Russell earned a Bachelor of Arts degree in Theology at the University of Notre Dame, and a Master of Public Administration degree at Indiana University. He is a life member of the NAACP and has served on the Board of Directors of Alexian Brothers Hospitals in Chicago and the Elkhart Urban Leagues, State of Indiana. He also has served as the Chairman of the Board of Social Responsibility for the Christian Methodist Episcopal Church. Mr. Russell is a motivational speaker on subjects including leadership, international human resources management, diversity and organizational development.

Anthony J. Speranzo, Senior Vice President and Chief Financial Officer. Anthony J. (Tony) Speranzo is the Senior Vice President and Chief Financial Officer at Ascension Health. Mr. Speranzo is a proven leader with extensive healthcare experience and expertise in treasury functions, debt management, investments, and mergers and acquisitions. Prior to joining Ascension Health in 2002, Mr. Speranzo served as Managing Director at U.S. Bancorp Piper Jaffray (USBPJ) in Newport Beach, California. While there, he was responsible for strategic financial advisory services related to mergers, acquisitions, and divestitures, private debt placements, valuations and strategic market planning. His clients included hospitals, integrated health systems, medical group practices and managed care organizations nationwide. He entered investment banking in 1996 as Vice President and Manager, Corporate Finance for John Nuveen & Co., Inc. in Irvine, California. At John Nuveen, he was responsible for the development and management of the health care corporate finance division within the investment banking operation. Prior to 1996, Mr. Speranzo spent 11 years at the St. Joseph Health System in Orange, California, holding several positions, including Vice President, Finance and Operations and Senior Vice President, Chief Financial Officer. Mr. Speranzo has served on several hospital and corporate boards. Mr. Speranzo received his bachelor's degree in economics from the University of Massachusetts in Boston, Massachusetts. He went on to complete his master's degree in finance from Suffolk University in Boston, Massachusetts.

Committees

The bylaws of Ascension Health create standing committees (the Audit Committee, the Executive Committee, the Executive Compensation Committee, the Finance Committee, the Pension Committee, the Quality Committee, the Mission and Spirituality Committee, and the Governance Committee) and authorize the creation of special committees from time to time by the Board of Trustees. Each committee is required to have at least two Trustees among its members.

Audit Committee. The Audit Committee is responsible for (a) examining the accuracy and validity of the financial and statistical information used by the Board of Trustees and Finance Committee or by external agencies to evaluate Ascension Health's financial affairs; (b) reviewing activities that support the preparation of reliable financial statements and the maintenance of financial controls; (c) evaluating audit performance; and (d) overseeing corporate compliance.

Executive Committee. The Executive Committee consists of five to seven Board members, including the officers of the Board of Trustees. The Executive Committee is responsible for (a) developing and recommending to the Board of Trustees policies and actions with respect to executive evaluation and compensation; (b) reviewing and recommending changes to the bylaws of Ascension Health; (c) preparing for consideration by the Sponsors Council a slate of nominees for the Board of Trustees; (d) overseeing Board development; and (e) taking any other action permitted by law, the articles of incorporation or the bylaws in lieu of a meeting of the Board of Trustees.

Executive Compensation Committee. The Executive Compensation Committee (a) oversees the Ascension Health Executive Compensation Program; (b) determines the philosophy, policies and principles of the Ascension Health Executive Compensation Program; (c) approves the design of the Ascension Health "Execu-FLEX Plan" for System executives and Health Ministry Chief Executive Officers; (d) reviews the job performance and sets the pay of the Ascension Health President and Chief Executive Officer; and (e) reviews the recommendations of the President and Chief Executive Officer on the job performance and pay of the Ascension Health Executive Vice President and Chief Operating Officer.

Finance Committee. The Finance Committee is responsible for (a) reviewing and recommending to the Board of Trustees the guidelines for the consolidated operating and capital budget for Ascension Health and its affiliates; (b) developing and recommending to the Board of Trustees a long range financial plan for the system; (c) monitoring the financial condition of Ascension Health; (d) making recommendations on financial issues; and (e) maintaining current knowledge of the management and investment of all the endowment, trust and other funds of Ascension Health.

Pension Committee. The Pension Committee has as its principal purpose the administration of the retirement plans sponsored or administered by Ascension Health, including, issues related to plan design and interpretation, plan funding, reporting, structure, selection and oversight of service providers and administrative systems.

Quality Committee. The Quality Committee has responsibility to provide global oversight for Ascension Health system-wide efforts to evaluate, monitor and improve the quality of care rendered throughout the Ascension Health system.

Mission and Spirituality Committee. The Mission and Spirituality Committee assists the Board of Trustees in its responsibility for fidelity to the mission, vision and core values of Ascension Health. The committee's primary focus is on the future, by visioning, setting direction, identifying priorities and fostering mission integration, ethics education and discernment and the spiritual foundations for Ascension Health.

Governance Committee. The Governance Committee (a) carries out policies and processes designed to provide for the effective and efficient performance of governance; (b) assists the Board of Trustees in identifying and nominating new Board member candidates; (c) evaluates the Board of Trustees and improves its collective and individual performance; (d) develops a Board Chair and Board Officer succession plan; (e) develops System Policies and Board Practices; and (f) assesses Board of Trustees development needs, and develops a process for Board of Trustees development and orientation.

System Office

The Ascension Health System Office is located in St. Louis, Missouri and employs more than 300 people. The System Office provides a wide range of strategic, corporate and shared services designed to meet the needs of the Health Ministries. In addition, the System Office has implemented policies and procedures to encourage that best practices and knowledge are implemented throughout the system. Following is a list of available Corporate Services staffed by the System Office.

Executive Leadership. Leadership Formation prepares leaders for stewardship of the mission into the future, through a process of theological reflection, spiritual development and an application of leadership skills. The program offers a two-year program of formation directed toward the preparation of current and future executives. This program provides its participants with the language and skills to articulate Ascension Health's heritage, beliefs and purpose as a healing ministry and to apply these principles in organizational leadership. The program is

implemented in conjunction with the leadership-style assessment tools of the Leadership Continuity Planning process and in partnership with the Aquinas Institute of Theology.

Mission and Ethics. This department provides strategic leadership in the integration of the Mission, Vision and Values throughout all sponsored organizations and partnerships of Ascension Health in support of system strategy and the direction articulated in the Call to Action. This includes collaboration with local mission Vice Presidents by offering system support and resources designed to foster a spiritually vital and effective workplace for the leadership, associates, physicians, board members and volunteers throughout the system. Mission integration involves conceptualizing, developing, promoting and implementing a full continuum of leadership and development activities in the following areas: Catholic Identity and Sponsorship, Ethics (Business, Clinical and Social); Spirituality and Ministry, Care of the Poor and Community Benefit; Leadership Formation, Heritage and legacy. The Ethics Department provides ethical and theological reflection, analysis, research, consultation and education for assisting trustees, senior leaders, managers, clinicians and ethics committees in fulfilling their responsibilities for ethical decision making and discernment, and for the ethical integrity and Catholic identity of Ascension Health and its Health Ministries. Services include: ethics leadership and support, to Health Ministries; policy development and review; ethical analysis and review of management and service contracts, merger agreements, and other forms of partnerships to ensure consistency with the Ethical and Religious Directives and Catholic teaching; clinical and organizational ethics consultation,; continuing development of ethics education programs and resources for general use.

Communications. Communications staff communicates Ascension Health's strategic and operational messages to both internal and external constituents, including employees, news media, community members, the financial community, regulatory and public affairs entities, medical and hospital industry professionals and religious sponsors. The Communications staff seeks to enhance Ascension Health's leadership position in the industry, building on the Ascension Health system's objectives.

Corporate Responsibility. The System Office manages and provides oversight of the Ascension Health Corporate Responsibility Program (CRP). This includes the development and maintenance of a system-wide Standard of Conduct, hotline service, educational materials, annual risk assessment process, and auditing tools. System-wide CRP standards and procedures are promulgated through the CRP Manual which includes a CRP effectiveness tool that is the foundation of an annual assessment of Health Ministry compliance with those standards. Significant compliance investigations at the Health Ministries are also monitored on an ongoing basis

Finance. Finance staff provides the financial oversight and stewardship in the interests of senior management, governance, sponsors and the financial community, and the communities in which the Ascension Health system operates. Finance staff provides consolidation, review, analysis and reporting of financial information in a timely manner, and fosters consistent and accurate financial accounting and reporting through the development, maintenance, and use of the Ascension Health Accounting & Reporting Manual. Staff provides analysis support and advice with respect to financial statements, annual budgets, financial plans and capital projects and provides financing and cash and investment management services. The Finance staff maintains accounting records of the System Office and several trust funds.

Finance-Treasury. Finance-Treasury provides administration and oversight of the Ascension Health system investment management programs including its affiliated foundation, retirement and self-insurance investments. All funds are managed professionally through qualified investment managers in accordance with pre-determined benchmarks as defined in the Ascension Health Investment Policies. Finance-Treasury provides administration of a comprehensive cash management program which concentrates operating cash into a centralized investment pool and processes accounts payable transactions. Finance-Treasury provides oversight for the centralized debt management program, and is also responsible for providing financing for approved projects with a common cost of capital or blended interest rate.

Internal Audit. Ascension Health, through its 50% ownership interest in Catholic Healthcare Audit Network (CHAN), currently provides internal audit solutions for the Health Ministries. Services performed by CHAN employees include audit, coding/compliance, information technology and risk assessment. CHAN auditors maintain a permanent on-site presence in over 20 tax-exempt healthcare networks across the nation, operating in more than 350 hospitals and healthcare facilities.

Legal. Legal staff provides legal, policy and strategic support for the Ascension Health Board of Trustees and executive management. In addition, the Office of General Counsel provides limited legal services to Health Ministries, subsidiary organizations and system subsidiaries, manages outside legal and consultant relationships, coordinates legal services for all major transactions, and provides support for Health Ministries' in-house counsel.

Human Resources. The System Office provides leadership in the areas of benefit services including the administration of a variety of benefit plans providing life disability and health care coverage to employees system-wide. Additional services include supporting all functional activities of the System retirement program. The System Office also provides support for recruiting physicians and nurses and conducting comprehensive employee surveys.

Information Technology. Ascension Health, through its outsourcing arrangement with Computer Sciences Corporation and through Ascension Health-IS, Inc., a Missouri non-profit corporation in which Ascension Health is the sole corporate member, currently provides technology solutions for the Health Ministries throughout the United States and assists the Health Ministries in the selection, implementation, operation and improvement of the cost effectiveness of clinical and administrative information technologies. Ascension Health operates numerous platforms from every major vendor in the health care industry and provide consulting support to the Health Ministries and the System Office as they develop information technologies in response to the changing health care environment.

Organizational Effectiveness. Organizational Effectiveness staff directs the development and coordinates the implementation of the System strategies and its operating model. The staff ensures the presence of clear organizational outcomes and the organizational capacity to achieve the outcomes and the alignment of leadership capability, organizational culture and organizational infrastructure to achieve the desired outcomes.

Following is a list of available Shared Services staffed by the System Office.

Supply Chain. The System Office provides a means for the selection and acquisition of supplies, pharmaceuticals and equipment at competitive costs, while ensuring that the level of quality is acceptable to the users. Supply chain management staff provides national contracting, value analysis, distribution/logistics, performance measurement and electronic procurement of supplies.

Risk Management. The System Office manages the commercially insured alternative risk financing programs, including risk analysis, exposure data collection, premium allocation, certificates of insurance, and exposure databases. Risk Management loss prevention/consulting services provide assistance in areas such as professional/general liability, workers' compensation and continuing education for risk managers. Claims management oversight is also provided.

Pension and Benefits Administration. The System Office administers the Ascension Health defined benefit pension plans, including preparing benefit calculations and statements, retiree payroll, allocation of annual funding and expense amounts, and consulting with Health Ministries regarding plan design. The System Office has outsourced administration of the defined contribution Savings plans to a third party administrator, yet continues to provide administration and communications oversight for this program. Additionally, the System Office administers centralized benefit programs including Disability, Group Life and other medical plans for participating Health Ministries and is responsible for the effective oversight of these programs.

Operations Resource Group. The Operations Resource Group (ORG) is an internal consulting team that assist the Health Ministries achieve the level of performance necessary to realize Ascension Health's Call to Action. Ascension Health's Call to Action represents an integrated strategy through which Ascension Health will improve clinical excellence and safety, create innovative, patient-centered healing environments and expand access to care for the uninsured and underserved. The ORG is comprised of internal operational, financial, supply chain and clinical consultants that encourage a disciplined approach and offer subject matter expertise designed to improve performance. The ORG facilitates the changes necessary to improve operations while actively involving managers, physicians and staff in the process. The approach incorporates external and internal benchmarks and industry best practices. Simulation modeling and process mapping techniques are incorporated where appropriate. The ORG coaches and mentors physicians, management and staff; realistic change opportunities are identified and quantified; and action steps are developed. The ORG supports in the implementation process. Tools are introduced that allow

continuous monitoring of improvements. The ORG shares the experiences, lessons learned, and best practices among the Health Ministries.

JCAHO Support. The System Office provides support services around regulatory compliance with JCAHO and CMS standards. This includes educational programs; conference calls; annual survey coordination and reports of survey findings/trends to senior leadership; individual facility consultations, including on-site consultations as required; and knowledge sharing through the Quality/Accreditation Community on the Ascension Health Exchange and list serve.

Common Financial Practices

Ascension Health operates under a credit group concept (both Senior and Subordinate), utilizing centralized debt compliance monitoring and unified debt management. Ascension Health also utilizes common accounting practices under a single accounting and reporting manual and uses the shared internal audit resources of Catholic Healthcare Audit Network, LLC, or CHAN. A single corporate compliance program, financial planning model, budget process and capital allocation process are in place. Daily cash management is also under common administration as is pooled investment management.

Affiliated Organizations

The following organizations are affiliated with Ascension Health, but are not part of the Senior Credit Group.

Ascension Health Information Services, Inc. Ascension Health Information Services, Inc. (AHIS) was formed as a nonprofit corporation in 2005, with Ascension Health as its sole corporate member. AHIS was formed to provide information technology infrastructure and software application support services to all member entities of Ascension Health.

Ascension Health Ventures, LLC. Ascension Health Ventures, LLC (AHV) is wholly-owned strategic healthcare venture fund focused on the medical device, technology and service sectors, with a commitment of $125 million to invest in expanse to late-stage healthcare companies. AHV's role is to construct and manage a strategic portfolio of investments that deliver a venture investment return, have the potential to transform the healthcare industry and significantly enhance the quality of patient care.

Seton Institute. Seton Institute, formerly a division of Ascension Health, was formed as a Missouri nonprofit corporation on January 29, 2003. Ascension Health is the sole corporate member. Seton Institute's purposes and functions are to facilitate the partnering of American hospitals, corporations, churches and schools with similar institutions in developing countries; to achieve health and wholeness for all people in the world; to extend the message of justice and human dignity to people everywhere; to advocate for people who are poor through out the world; and to assist Catholic religious women abroad to build healthier communities by securing materials and financial support, technical assistance and human resources that are not available in those countries.

TriMedx, LLC. TriMedx, LLC is a wholly-owned subsidiary of Ascension Health offering healthcare equipment services throughout its Health Ministries. The role of TriMedx is to analyze current healthcare equipment service practices, provide recommendations for operational design and organizational structure, establish financial targets, standardize processes, take advantage of economies of scale, and provide additional services that reduce expenses and improve quality.

Regulatory Reviews

The Ascension Health system, like all major healthcare systems, periodically undergoes investigations or audits by federal, state and local agencies involving compliance with a variety of laws and regulations. These investigations seek to determine compliance with, among other things, laws and regulations relating to Medicare and Medicaid reimbursement, including billing practice for certain services. Several Senior Credit Group Members have been, and are currently, the subject of investigations or audits of this type. The Senior Credit Group Members have never been subject to a material fine (or settlement in lieu of fine) as a result of any investigations. While no assurance can be given concerning any current investigation, management of Ascension Health believes that

adequate reserves have been established and the outcome of any current investigations will not have a material effect on the financial position of the Senior Credit Group.

Insurance

General and Professional Liability Insurance. The Senior Credit Group Members are self-insured through a grantor trust and wholly owned captive insurance company, Ascension Health Insurance, Limited (AHIL). For Senior Credit Group Members, the trust and captive provide professional and general liability coverage on a claims-reported basis with a self-insured retention of $10 million per medical incident/occurrence with no aggregate for all member entities except St. Anthony's, Chicago which has a $12.5 million per occurrence limit. An additional $120 million of excess professional liability and $120 million of umbrella liability is written through AHIL. AHIL's excess coverage is reinsured by commercial carriers, with the exception of a $5 million per occurrence and $5 million annual aggregate for general and professional liability. Self-insured hospitals in the states of Indiana, Pennsylvania and Wisconsin are provided coverage on an occurrence basis with limits up to $1 million per occurrence and $3 million in aggregate in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit. Fronting arrangements are utilized for Senior Credit Group Members in Indiana that are not qualified self-insurers.

AHIL offers primary professional and general liability for affiliates of Ascension Health. Professional liability and general liability coverage is on a claims-reported basis. The primary limits range from $250,000 to $10,000,000 per medical incident/occurrence. AHIL also offers professional liability for non-employed attending physicians in Michigan, Connecticut and Indiana. The coverage is on a straight claims made or modified claims made basis. The primary limits range from $100,000 to $1,000,000 per claim.

Workers' Compensation Insurance. A grantor trust for workers' compensation claims is maintained for Senior Credit Group Members. The trust's self-insured retention limit is $1,000,000 per occurrence with no aggregates unless required by state law. In those states where self-insurance is not allowed, Ascension Health utilizes high-deductible commercial programs and/or fronting arrangements. Excess insurance is purchased commercially up to the statutory limits.

Other Insurance Coverages. Commercial policies are maintained for property, directors' and officers' liability, automobile, and other miscellaneous coverages in amounts consistent with levels generally carried by similar health care entities, and are in compliance with applicable state requirements.

Employees

As of June 30, 2006, Ascension Health and its Health Ministries employed, in the aggregate, over 100,000 employees, which accounted for over 91,000 full-time equivalents. Approximately 6% of the workforce is unionized. Ascension Health management believes that relationships with employees are generally good.

LIST OF MEMBERS OF THE ASCENSION HEALTH SENIOR CREDIT GROUP

Credit Group Representative and Senior Obligated Group Member

- Ascension Health - St. Louis, Missouri

Senior Obligated Group Members

Alabama

- St. Vincent's Hospital - Birmingham, Alabama
- Seton Health Corporation of North Alabama – Birmingham, Alabama
- Seton Health Corporation of South Alabama – Mobile, Alabama
- Providence Hospital – Mobile, Alabama

Arizona

- Carondelet Health Network - Tucson, Arizona
- Holy Cross Hospital, Inc. - Nogales, Arizona

Arkansas

- Daughters of Charity Services of Arkansas – Gould, Arkansas

Connecticut

- St. Vincent's Health Services Corporation – Bridgeport, Connecticut
- St. Vincent's Medical Center – Bridgeport, Connecticut
- St. Vincent Special Needs Center, Inc. – Bridgeport, Connecticut
- Hall-Brooke Behavioral Health Services, Inc. – Westport, Connecticut

District of Columbia

- Providence Hospital - Washington, D.C.
- DePaul Foundation – Washington, D.C.

Florida

- St. Catherine Laboure Manor, Inc. – Jacksonville, Florida
- St. Vincent's Medical Center, Incorporated – Jacksonville, Florida
- St. Vincent's Health System, Inc. - Jacksonville, Florida
- St. Vincent Ambulatory Care, Inc. – Jacksonville, Florida
- Sacred Heart Hospital of Pensacola – Pensacola, Florida

Idaho

- St. Joseph Regional Medical Center, Inc. - Lewiston, Idaho

Indiana

- Warrick Hospital, Inc. – Boonville,
- St. Vincent Clay Hospital, Inc. – Brazil, Indiana
- St. Vincent Carmel Hospital, Inc. – Carmel, Indiana
- St. Vincent Madison County Health System, Inc. – Elwood, Indiana
- Mission and Ministry, Inc. – Evansville, Indiana
- St. Mary's Medical Center of Evansville, Inc. – Evansville, Indiana

- St. Mary's Health System of America, Inc. – Evansville, Indiana
- Seton Health Corporation of Southern Indiana – Evansville, Indiana
- St. Mary's At Home, Inc. – Evansville, Indiana
- St. Vincent Health, Inc. – Indianapolis, Indiana
- St. Vincent Hospital and Health Care Center, Inc. – Indianapolis, Indiana
- Central Indiana Health System Cardiac Services, Inc. – Indianapolis, Indiana
- Seton Specialty Hospital, Inc. – Indianapolis, Indiana
- St. Vincent Frankfort Hospital, Inc. – Indianapolis, Indiana
- St. Vincent New Hope, Inc. – Indianapolis, Indiana
- St. Vincent Pediatric Rehabilitation Center, Inc. - Indianapolis, Indiana
- St. Joseph Hospital and Health Center, Inc. – Kokomo, Indiana
- St. Vincent Jennings Hospital, Inc. – North Vernon, Indiana
- St. Vincent Williamsport Hospital, Inc. – Williamsport, Indiana
- St. Vincent Randolph Hospital, Inc. – Winchester, Indiana

Louisiana

- Daughters of Charity Services of New Orleans – New Orleans, Louisiana

Maryland

- St. Agnes HealthCare, Inc. - Baltimore, Maryland
- Villa St. Catherine, Inc. – Emmitsburg, Maryland

- Sacred Heart Hospital of the Sisters of Charity, Inc. - Cumberland, Maryland
- Memorial Hospital and Medical Center of Cumberland, Inc. – Cumberland, Maryland

Michigan

- St. Mary's of Michigan – Saginaw, Michigan
- Providence Hospital and Medical Centers, Inc. – Southfield, Michigan
- Seton Health Corporation of East Central Michigan - Saginaw, Michigan
- Seton Health Corporation of Southeast Michigan - Southfield, Michigan
- St. John Health – Warren, Michigan
- Medical Resources Group – Warren, Michigan
- Eastwood Community Clinics – Detroit, Michigan
- St. John Home Health Care – Warren, Michigan
- St. John Hospital and Medical Center – Detroit, Michigan
- St. John River District Hospital – East China, Michigan
- St. John Health System – Detroit-Macomb Campus – Detroit, Michigan
- Father Murray Nursing Center – Detroit, Michigan
- St. John Oakland Hospital – Madison Heights, Michigan
- Borgess Health Alliance, Inc. – Kalamazoo, Michigan
- Borgess Medical Center - Kalamazoo, Michigan
- Visiting Nurses Home Care, Inc. – Kalamazoo, Michigan
- ProMed Healthcare, Inc. – Kalamazoo, Michigan
- Visiting Nurse and Hospice Services of Southwest Michigan – Kalamazoo, Michigan
- Borgess Nursing Home – Kalamazoo, Michigan
- Genesys Health System – Grand Blanc, Michigan

- Genesys Home Health & Hospice, Inc. – Grand Blanc, Michigan
- Genesys Ambulatory Health Services, Inc. – Grand Blanc, Michigan
- Center for Gerontology – Grand Blanc, Michigan
- Genesys Regional Medical Center – Grand Blanc, Michigan
- Emergency Medical Services of Saginaw – Saginaw, Michigan
- Standish Community Hospital, Inc. – Saginaw, Michigan
- St. Mary's Health – Saginaw, Michigan
- St. Joseph Health System – Tawas City, Michigan

Missouri

- Daughters of Charity Foundation - St. Louis, Missouri
- Carondelet Health System, Inc. - St. Louis, Missouri
- Carondelet Health - Kansas City, Missouri
- St. Joseph Medical Center - Kansas City, Missouri
- Carondelet Home Care Services, Inc. – Kansas City, Missouri
- Seton Center, Inc. – Kansas City, Missouri
- St. Mary's Hospital of Blue Springs, Inc. – Blue Springs, Missouri

Pennsylvania

- Good Samaritan Regional Medical Center – Pottsville, Pennsylvania

Tennessee

- Saint Thomas Network – Nashville, Tennessee
- St. Thomas Hospital - Nashville, Tennessee
- Seton Corporation - Nashville, Tennessee
- Hickman Community Home Care, Inc. – Nashville, Tennessee
- Hickman Community Health Care Services – Nashville, Tennessee
- Baptist Health Care Affiliates, Inc. – Nashville,
- Middle Tennessee Medical Center, Inc. – Murfreesboro,

Texas

- Daughters of Charity Health Services of Austin – Austin, Texas
- Seton Cove – Austin, Texas
- Daughters of Charity Services of San Antonio – San Antonio, Texas
- Providence Health Services of Waco – Waco, Texas
- Providence Health Alliance – Waco, Texas

Washington

- Our Lady of Lourdes Hospital at Pasco - Pasco, Washington

Wisconsin

- Columbia St. Mary's, Inc. - Milwaukee, Wisconsin
- St. Mary's Hospital of Ozaukee, Inc. - Mequon, Wisconsin
- Columbia St. Mary's Hospital of Milwaukee, Inc. – Milwaukee, Wisconsin
- Seton Health Corporation of Wisconsin – Milwaukee, Wisconsin
- Sacred Heart Rehabilitation Center, Inc. – Milwaukee, Wisconsin

Senior Limited Designated Affiliates

New York	*Liability to Senior Obligated Group*
● Our Lady of Lourdes Memorial Hospital, Inc. – Binghamton, New York	$46,660,071
● Mount St. Mary's Hospital of Niagara Falls – Lewiston, New York	68,600,794
● Seton Health System, Inc. – Troy, New York	47,797,412
● St. Mary's Hospital - Amsterdam, New York	9,465,375

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Appendix B

Audited Consolidated Financial Statements of Ascension Health for the Years Ended June 30, 2006 and 2005

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CONSOLIDATED FINANCIAL STATEMENTS

Ascension Health for the Years Ended June 30, 2006 and 2005 with Report of Independent Auditors

0608-0762046

Ascension Health

Consolidated Financial Statements

Years Ended June 30, 2006 and 2005

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ERNST & YOUNG

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190 Carondelet Plaza
St. Louis, Missouri 63105-3434

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Report of Independent Auditors

The Board of Trustees
Ascension Health

We have audited the accompanying consolidated balance sheets of Ascension Health (as identified in Note 1) as of June 30, 2006 and 2005, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Ascension Health's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Ascension Health's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Ascension Health's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ascension Health at June 30, 2006 and 2005, and the consolidated results of its operations and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst + Young LLP

August 9, 2006

Ascension Health

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30 2006	June 30 2005
Assets		
Current assets:		
Cash and cash equivalents	**$ 691,368**	$ 780,623
Short-term investments	**38,996**	39,606
Accounts receivable, less allowances for uncollectible accounts ($487,360 and $440,644 in 2006 and 2005, respectively)	**1,362,333**	1,264,974
Current portion of assets limited as to use	**163,338**	199,413
Assets limited as to use – securities lending program	**695,583**	847,699
Inventories	**194,605**	179,880
Assets held for sale	**41,677**	38,588
Other	**209,284**	185,018
Total current assets	**3,397,184**	3,535,801
Board-designated investments	**3,485,916**	3,236,858
Other investments	**1,366,524**	1,267,959
Assets limited as to use:		
Under bond indenture agreement, less current portion	**1,073**	2,408
Self-insurance trust funds, less current portion	**498,366**	451,883
Temporarily or permanently restricted	**366,422**	342,202
Total assets limited as to use	**865,861**	796,493
Property and equipment:		
Land and improvements	**482,152**	462,550
Building and equipment	**9,690,117**	9,137,043
Construction in progress	**688,944**	428,107
Less accumulated depreciation	**5,868,458**	5,506,491
Total property and equipment, net	**4,992,755**	4,521,209
Other assets:		
Investment in unconsolidated entities	**243,537**	219,607
Other	**542,227**	367,122
Total other assets	**785,764**	586,729
Total assets	**$14,894,004**	$13,945,049

	June 30	
	2006	**2005**
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	**$ 44,769**	$ 41,732
Long-term debt subject to short-term remarketing arrangements*	**1,005,700**	921,700
Accounts payable and accrued liabilities	**1,083,852**	1,049,429
Estimated third-party payor settlements, net	**170,775**	217,664
Payable under securities lending program	**695,583**	847,699
Current portion of self-insurance liabilities	**211,161**	207,033
Liabilities held for sale	**7,061**	8,710
Other	**53,483**	47,089
Total current liabilities	**3,272,384**	3,341,056
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	**3,105,490**	3,152,702
Self-insurance liabilities	**513,067**	487,289
Pension and other postretirement liabilities	**209,707**	302,513
Other	**296,358**	316,918
Total noncurrent liabilities	**4,124,622**	4,259,422
Total liabilities	**7,397,006**	7,600,478
Net assets:		
Unrestricted	**7,130,576**	6,002,369
Temporarily restricted	**273,731**	259,066
Permanently restricted	**92,691**	83,136
Total net assets	**7,496,998**	6,344,571
Total liabilities and net assets	**$14,894,004**	$13,945,049

* Consists of variable rate demand bonds with stated repayment installments through 2039 and put options that may be exercised at the option of the bondholders in connection with certain remarketing dates prior to June 30, 2007. In the event that bonds are not remarketed upon exercise of put options, management would pursue the issuance of commercial paper to access the necessary liquidity. The commercial paper program is supported by lines of credit totaling $500,000 as discussed in Note 4.

The accompanying notes are an integral part of the consolidated financial statements.

Ascension Health

Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

	Years Ended June 30	
	2006	**2005**
Operating revenue:		
Net patient service revenue	**$10,728,610**	$10,192,562
Other revenue	**676,942**	578,325
Total operating revenue	**11,405,552**	10,770,887
Operating expenses:		
Salaries and wages	**4,531,128**	4,268,155
Employee benefits	**1,098,503**	1,119,525
Purchased services	**636,673**	526,286
Professional fees	**407,822**	351,541
Supplies	**1,990,898**	1,847,214
Insurance	**157,059**	173,682
Bad debts	**589,416**	588,078
Interest	**145,407**	130,431
Depreciation and amortization	**513,485**	503,446
Other	**831,514**	790,649
Total operating expenses before impairment, restructuring, and other nonrecurring expenses	**10,901,905**	10,299,007
Income from operations before impairment, restructuring, and other nonrecurring expenses	**503,647**	471,880
Impairment, restructuring, and other nonrecurring expenses	**5,864**	26,128
Income from operations	**497,783**	445,752
Nonoperating gains (losses):		
Investment income	**363,927**	221,678
Income from unconsolidated entities	**6,961**	9,983
Other	**(65,706)**	(26,168)
Total nonoperating gains, net	**305,182**	205,493
Net income	**802,965**	651,245

Continued on next page.

Ascension Health

Consolidated Statements of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

	Years Ended June 30 2006	2005
Unrestricted net assets:		
Net income	**$ 802,965**	$ 651,245
Net change in unrealized gains/losses on investments	**(1,799)**	86,537
Decrease in additional minimum pension liability	**207,106**	20,572
Transfer to sponsors and other affiliates, net	**(12,673)**	(12,377)
Net assets released from restrictions for property acquisitions	**48,398**	36,633
Unrealized gain (loss) on interest rate swaps	**109,895**	(85,439)
Other	**5,386**	8,755
Increase in unrestricted net assets, before cumulative effect of changes in accounting principles and loss from discontinued operations	**1,159,278**	705,926
Cumulative effect of changes in accounting principles	**(18,532)**	(23,293)
Loss from discontinued operations	**(12,539)**	(23,914)
Increase in unrestricted net assets	**1,128,207**	658,719
Temporarily restricted net assets:		
Contributions	**86,459**	90,144
Net change in unrealized gains/losses on investments	**(477)**	306
Investment income	**8,994**	7,397
Net assets released from restrictions	**(76,728)**	(59,039)
Other	**(3,583)**	7,808
Increase in temporarily restricted net assets	**14,665**	46,616
Permanently restricted net assets:		
Contributions	**4,723**	2,298
Net change in unrealized gains/losses on investments	**2,138**	265
Investment income	**721**	705
Other	**1,973**	(15,759)
Increase (decrease) in permanently restricted net assets	**9,555**	(12,491)
Increase in net assets	**1,152,427**	692,844
Net assets, beginning of year	**6,344,571**	5,651,727
Net assets, end of year	**$ 7,496,998**	$ 6,344,571

The accompanying notes are an integral part of the consolidated financial statements.

Ascension Health

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Years Ended June 30 2006	2005
Cash flows from operating activities		
Increase in net assets	**$1,152,427**	$ 692,844
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	**513,485**	503,446
Provision for bad debts	**589,416**	588,078
Change in additional minimum pension liability	**(207,106)**	(20,572)
Net realized and change in unrealized gains/losses on investments	**(398,138)**	(330,598)
Recognized loss on other-than-temporary declines in investments	**9,923**	810
(Gain) loss on interest rate swaps	**(94,319)**	87,403
Loss (gain) on sale of assets, net	**782**	(48,507)
Impairment and restructuring expenses	**2,110**	48,859
Cumulative effect of changes in accounting principles	**18,532**	23,293
Transfer to sponsor and other affiliates, net	**12,673**	12,377
Restricted contributions and investment income	**(101,116)**	(100,544)
(Increase) decrease in:		
Short-term investments	**316**	3,110
Accounts receivable	**(686,775)**	(624,753)
Inventories and other current assets	**(38,991)**	(39,744)
Other assets	**(220,839)**	(53,715)
Increase (decrease) in:		
Accounts payable and accrued liabilities	**34,423**	98,794
Estimated third-party payor settlements payable, net	**(46,889)**	59,812
Other current liabilities	**6,394**	29,362
Other noncurrent liabilities	**169,527**	(534,284)
Net cash from continuing operating activities	**715,835**	395,471
Net cash (used by) from discontinued operations	**(4,738)**	2
Net cash from operating activities	**711,097**	395,473
Cash flows from investing activities		
Property and equipment additions, net	**(994,904)**	(646,672)
Proceeds from sale of property and equipment	**28,785**	87,100
Decrease in self-insurance trusts, net	**50,302**	30,996
Increase in long-term investments	**(14,138)**	(748,522)
Net cash used in investing activities	**(929,955)**	(1,277,098)
Cash flows from financing activities		
Issuance of long-term debt	**91,712**	869,961
Repayment of long-term debt	**(51,887)**	(280,098)
Decrease in assets under bond indenture agreements	**1,335**	10,884
Transfer to sponsors and other affiliates, net	**(12,673)**	(12,377)
Restricted contributions, investment income, and other restricted activity	**101,116**	100,544
Net cash provided by financing activities	**129,603**	688,914
Net decrease in cash and cash equivalents	**(89,255)**	(192,711)
Cash and cash equivalents at beginning of year	**780,623**	973,334
Cash and cash equivalents at end of year	**$ 691,368**	$ 780,623

The accompanying notes are an integral part of the consolidated financial statements.

1. Organization and Mission

Organizational Structure

Ascension Health is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 20 of the United States and the District of Columbia. Ascension Health is sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St. Vincent de Paul (Daughters of Charity), the Congregation of the Sisters of St. Joseph of Nazareth (Sisters of St. Joseph), and the Sisters of St. Joseph of Carondelet (CSJ). All of the Health Ministries are related through common control. Substantially all expenses of Ascension Health are related to providing health care services.

Mission

Ascension Health directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with Ascension Health's mission of service to those who are poor and vulnerable, each Health Ministry accepts patients regardless of their ability to pay. Ascension Health uses four categories to identify the resources utilized for the care of persons who are poor and community benefit programs:

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.

- Unpaid cost of public programs represents the unpaid cost of services provided to persons covered by public programs for the poor.

- Cost of other programs for the poor includes unreimbursed costs of programs intentionally designed to serve the poor and vulnerable of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.

- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the poor, including health promotion and education, health clinics and screenings, and medical research.

1. Organization and Mission (continued)

The net cost to Ascension Health of providing care of persons who are poor and community benefit programs is as follows:

	Years Ended June 30	
	2006	**2005**
	(Unaudited)	
Traditional charity care provided	**$198,658**	$173,519
Unpaid cost of public programs for the poor	**299,047**	287,520
Other programs for the poor	**44,214**	39,863
Community benefit programs	**162,015**	160,797
Care of persons who are poor and community benefit programs	**$703,934**	$661,699

Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons who are poor and community benefit programs. The cost of providing care to persons who are poor and community benefit programs is estimated using each facility's internal cost data. The estimates may continue to be refined subsequent to the balance sheet date.

Principles of Consolidation

All corporations for which operating control is exercised by Ascension Health or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where Ascension Health controls 50% or less of the entity's operations and does not have operational control are recorded under the equity or cost method of accounting. Income from unconsolidated entities of $98,515 and $74,587 is included in consolidated net income for the years ended June 30, 2006 and 2005, respectively.

1. Organization and Mission (continued)

Organization Changes

On July 1, 2005, St. Vincent's Medical Center (SVMC) (a member of Ascension Health located in Jacksonville, Florida) purchased from Mayo Clinic substantially all the property, plant, equipment, and inventories of St. Luke's Hospital Association, Inc. (St. Luke's), a nonprofit hospital located in Jacksonville, Florida. The Asset Purchase Agreement stipulates a purchase price of $152,000. An initial payment of $77,785 was paid at the Phase One Closing on July 1, 2005, and a $15,000 payment was made on January 1, 2006. Two additional payments of $15,000 each will be paid on January 1, 2007 and 2008. The title to the property, plant, and equipment of St. Luke's transferred to SVMC at the Phase One Closing.

Mayo Clinic has begun construction of a new hospital on their Jacksonville campus with anticipated completion in the spring of 2008. SVMC is leasing the assets of St. Luke's to Mayo Clinic until the new hospital is completed. Mayo Clinic is responsible for the maintenance of the plant and equipment during the lease period. Capital expenditures will be reimbursed by SVMC during the lease period up to a maximum of $29,215, which is included in the purchase price noted above. Upon the completion of Mayo Clinic's new hospital, SVMC will assume the operations of the purchased hospital.

2. Significant Accounting Policies

Discontinued Operations

During the year ended June 30, 2006, Ascension Health management undertook action to sell certain hospitals in Georgia and Tennessee. One of the hospitals was sold effective June 30, 2006, and the other hospital is considered to be held for sale under a Letter of Intent dated June 23, 2006, with a final sale date anticipated by November 30, 2006. Both transactions have been accounted for as discontinued operations in the accompanying consolidated financial statements.

2. Significant Accounting Policies (continued)

Revenues and net loss included in the results of discontinued operations for the year ended June 30, 2006, were $72,350 and $12,539, respectively, while revenues and net loss included in the results of discontinued operations for the year ended June 30, 2005, were $90,150 and $23,914, respectively. Major classes of assets and liabilities comprising assets held for sale and liabilities held for sale within the consolidated balance sheets as of June 30, 2006 and 2005, are as follows:

	June 30	
	2006	**2005**
Assets held for sale:		
Accounts receivable	**$ 6,660**	$11,326
Inventory	**1,418**	2,158
Other current assets	**949**	1,923
Investment in unconsolidated entities	**5,169**	4,423
Property and equipment, net	**27,481**	18,758
Total assets held for sale	**$41,677**	$38,588
Liabilities held for sale:		
Accounts payable and accrued liabilities	**$ 7,061**	$ 8,710

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Fair Values

Carrying value of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of other financial instruments are disclosed in their respective notes.

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and interest-bearing deposits with maturities of three months or less, excluding Board-designated investments, assets limited as to use, and other investments.

Investments and Investment Income

Board-designated investments represent investments designated by resolution of the Board of Trustees to put amounts aside primarily for future capital expansion and improvements. Assets limited as to use represent investments restricted under bond indenture agreements for capital use or debt repayment purposes, investments placed in trust for payment of self-insured claims, and investments restricted by donors. Investments in equity securities and debt securities are measured at fair value in the consolidated balance sheets. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment income on proceeds of borrowings that are held under bond indenture agreements by a trustee, to the extent not capitalized, and self-insurance trust funds are reported as investment income in operating revenue. Investment income (including realized gains and losses on investments, interest, dividends, and declines in value determined to be other than temporary) from all other investments is reported as nonoperating gains (losses) unless the income is restricted by donor or law. The cost of substantially all securities sold is based on the average cost method. Unrealized gains (losses) on investments that are considered temporary are excluded from net income due to the non-trading nature of the investments.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out) or market value.

2. Significant Accounting Policies (continued)

Securities Lending Program

Ascension Health participates in securities lending transactions whereby a portion of its investments is loaned to various brokers in return for cash and securities from the brokers as collateral for the securities loaned, usually on a short-term basis of 30 to 60 days. Collateral provided by brokers is maintained at levels approximating 102% of the fair value of the securities on loan and is adjusted for daily market fluctuations. The market value of collateral held for loaned securities is reported as assets limited as to use – securities lending program, and a corresponding obligation exists for repayment of such collateral upon settlement of the lending transaction. At June 30, 2006 and 2005, the market value of the securities on loan (exclusive of collateral) was $683,506 and $828,451, respectively.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets.

Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or postimplementation stage. Amounts capitalized are amortized over the useful life of the developed asset following project completion.

Several capital projects have remaining construction commitments of approximately $900,000.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by Ascension Health has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity. Temporarily restricted net assets and earnings on permanently restricted net assets are used in accordance with the donor's wishes primarily to purchase equipment and to provide charity care and other health and educational services.

2. Significant Accounting Policies (continued)

Performance Indicator

The performance indicator is net income, which includes all changes in unrestricted net assets other than changes in unrealized gains and losses on investments and interest rate swaps qualifying as effective cash flow hedges, changes in the additional minimum pension liability, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, cumulative effect of changes in accounting principles, discontinued operations, and contributions of property and equipment.

Operating and Nonoperating Activities

Ascension Health's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, long-term care, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to Ascension Health's primary mission are considered to be nonoperating. Several primary care clinics that are not associated with an acute care hospital and that rely significantly on contributions from foundations are also considered nonoperating.

Net Patient Service Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenues related to prior periods increased net patient service revenue by approximately $103,614 and $51,464 for the years ended June 30, 2006 and 2005, respectively.

2. Significant Accounting Policies (continued)

During 2006 and 2005, approximately 36% of net patient service revenue was received under the Medicare program and 9% under various state Medicaid programs. Ascension Health grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable at June 30, 2006 and 2005, include Medicare (23% and 22%, respectively) and various states' Medicaid (8% and 10%, respectively) programs.

The provision for bad debts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of allowance for uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance, Ascension Health follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Ascension Health.

Impairment, Restructuring, and Other Nonrecurring Expenses

Restructuring and nonrecurring expenses of $5,864 for the year ended June 30, 2006, relate primarily to costs incurred and property damage sustained as a result of flooding in the state of New York.

During the year ended June 30, 2005, several Health Ministries recorded impairment charges of $26,128 relating to changes in business climate/operations, changes in ownership, and Hurricane Ivan. The fair value of the impaired assets was determined based on expected future cash flows to be generated, discounted at the risk-free rate of interest.

Amortization

Bond issuance costs, bond discounts, and bond premiums are amortized over the term of the bonds using a method approximating the effective interest method. Other intangible assets are amortized using the straight-line method over their estimated useful lives.

2. Significant Accounting Policies (continued)

Income Taxes

The member health care entities of Ascension Health are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a).

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by certain members of Ascension Health. The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be determined at this time; however, in the opinion of management, the results of the investigations will not have a material adverse impact on the consolidated financial statements of Ascension Health.

Reclassifications

Certain reclassifications were made to the 2005 consolidated financial statements to conform to the 2006 presentation. These reclassifications had no impact on the change in net assets previously reported and did not materially change individual financial statement line items.

Adoption of New Accounting Standards

Effective June 30, 2006, Ascension Health adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 47 (FIN 47), *Accounting for Conditional Asset Retirement Obligations,* an interpretation of FASB Statement No. 143 (FAS 143), *Accounting for Asset Retirement Obligations*. FAS 143 provides guidance on accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Asset retirement obligations include, but are not limited to, certain types of environmental issues that are legally required to be remediated upon an asset's retirement as well as contractually required asset retirement obligations. FIN 47 provides clarifying guidance on conditional asset retirement obligations. Conditional asset retirement obligations are obligations whose

2. Significant Accounting Policies (continued)

settlement may be conditional on a future event and/or where the timing or method of such settlement may be uncertain. FIN 47 guidance requires such conditional asset retirement obligations to be estimated and recognized. Application of these pronouncements primarily affects Ascension Health with respect to required future asbestos remediation.

The adoption of FIN 47 increased property and equipment, net, and other noncurrent liabilities by $2,392 and $20,924, respectively, as of June 30, 2006. The cumulative effect of initially applying FIN 47 of $18,532 has been recognized as a change in accounting principle in the accompanying consolidated statements of operations and changes in net assets.

During 2006, Ascension Health adopted the provisions of FASB Staff Position FIN 45-3 (FSP FIN 45-3), *Application of FASB Interpretation No. 45 to Minimum Revenue Guarantees Granted to a Business or Its Owners*. FSP FIN 45-3 amends FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, to specifically include minimum revenue guarantees granted to a business or its owners within its scope. Ascension Health enters into agreements with non-employed physicians that include minimum revenue guarantees. The carrying amount of the liability for Ascension Health's obligation under these guarantees is $8,550 at June 30, 2006, and is included in other noncurrent liabilities in the accompanying consolidated balance sheets. The maximum amount of future payments that Ascension Health could be required to make under these guarantees is $13,012.

3. Board-Designated Investments, Assets Limited as to Use, and Other Investments

The composition of investments classified as Board-designated investments, assets limited as to use, and other investments is summarized as follows:

	June 30	
	2006	**2005**
Cash and short-term investments	**$ 419,881**	$ 442,255
United States government obligations	**393,388**	890,557
Corporate obligations	**2,233,044**	1,885,570
Marketable equity securities	**1,961,930**	1,612,759
International securities	**683,377**	500,918
Other	**190,019**	168,664
Collateral held under securities lending program	**695,583**	847,699
Less current portion of assets limited as to use	**858,921**	1,047,112
Board-designated investments, assets limited as to use, and other investments	**$5,718,301**	$5,301,310

At June 30, 2006 and 2005, a total of 83% of Ascension Health's Board-designated investments, assets limited as to use, and other investments are invested through the Health System Depository (HSD), an investment pool of funds whose participants include health-care-related entities sponsored by Ascension Health and other unrelated health care organizations. The HSD uses financial futures and options to adjust portfolio duration, restructure term exposure, change sector exposure, or arbitrage market inefficiencies. Financial futures and options are not used to speculate or leverage the portfolio. Outstanding derivative instruments are recorded at fair market value, and changes in fair market value have been recorded as nonoperating gains (losses) in the consolidated statements of operations and changes in net assets.

The HSD evaluates its holdings for other-than-temporary declines in fair value below the cost basis. If an investment is determined to have an other-than-temporary decline in fair value, the unrealized losses for the investment are realized in investment income. Ascension Health recorded $9,923 and $810 in realized losses as a reduction to nonoperating investment income in the consolidated statements of operations and changes in net assets for the decline in value of securities deemed to be other than temporary for the years ended June 30, 2006 and 2005, respectively.

3. Board-Designated Investments, Assets Limited as to Use, and Other Investments (continued)

The following table shows Ascension Health's pro rata share of the HSD investments' gross unrealized losses and fair value, as well as the gross unrealized losses and fair value for other non-HSD investments, aggregated by investment category and length of time these investments have been in continuous unrealized loss positions at June 30, 2006 and 2005.

	June 30, 2006					
	Less Than 12 Months		**12 Months or More**		**Total**	
	Fair Value	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Investment category						
Cash and short-term investments	**$ 540**	**$ 4**	**$ 1,307**	**$ 18**	**$ 1,847**	**$ 22**
United States government obligations	**376,208**	**9,412**	**263,784**	**12,984**	**639,992**	**22,396**
Corporate obligations	**1,276,543**	**37,240**	**590,123**	**19,459**	**1,866,666**	**56,699**
Marketable equity securities	**191,319**	**28,841**	**99,395**	**17,307**	**290,714**	**46,148**
International securities	**74,912**	**7,853**	**25,539**	**1,755**	**100,451**	**9,608**
Other	**6,019**	**212**	**6,219**	**817**	**12,238**	**1,029**
Total	**$1,925,541**	**$83,562**	**$986,367**	**$52,340**	**$2,911,908**	**$135,902**

	June 30, 2005					
	Less Than 12 Months		**12 Months or More**		**Total**	
	Fair Value	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Investment category						
Cash and short-term investments	$ 1,205	$ 13	$ 1,012	$ 17	$ 2,217	$ 30
United States government obligations	414,131	4,015	215,146	11,256	629,277	15,271
Corporate obligations	520,660	7,053	243,978	9,602	764,638	16,655
Marketable equity securities	265,810	44,176	346,641	26,229	612,451	70,405
International securities	53,587	2,988	16,253	1,907	69,840	4,895
Other	6,487	563	2,070	365	8,557	928
Total	$1,261,880	$58,808	$825,100	$49,376	$2,086,980	$108,184

3. Board-Designated Investments, Assets Limited as to Use, and Other Investments (continued)

In order to evaluate the realizable value of its investments, the HSD management evaluates the available facts and circumstances. This evaluation requires significant judgment, including determinations involving the estimation of the outcome of future events, and also consists of an accumulation of factors about general market conditions that reflect prospects for the economy as a whole, the specific industries, and/or the specific securities under consideration. These factors are considered by management in determining whether the security still has earnings potential in the near future and whether the security has an anticipated recovery in market value. The cost basis of certain securities with unrealized losses is not adjusted when the decline in fair value has not been precipitous or existed for an extended period of time to suggest other than routine market fluctuations, and the individual stocks are considered by management to still have earnings potential in the near term sufficient to recover any decline in the investment balance.

The gross unrealized gains and losses from investments at June 30, 2006, were $429,897 and $135,902, respectively, and at June 30, 2005, were $402,317 and $108,184, respectively.

Investment return is summarized as follows:

	Years Ended June 30	
	2006	**2005**
Interest and dividends	**$201,823**	$167,895
Net realized gains	**197,906**	83,275
Net unrealized (losses) gains	**(138)**	87,108
Total investment return	**$399,591**	$338,278
Included in operating income	**$ 26,087**	$ 20,697
Included in nonoperating gains	**363,927**	222,371
Reported separately as (decrease) increase in unrestricted net assets	**(1,799)**	86,537
Reported separately as increase in restricted net assets	**11,376**	8,673
Total investment return	**$399,591**	$338,278

4. Long-Term Debt

Long-term debt consists of the following:

	June 30 2006	June 30 2005
Tax-exempt Hospital Revenue Bonds (unsecured):		
Variable rate demand bonds, subject to a seven-day put provision, payable through November 2039; interest (3.90% to 3.95% at June 30, 2006) set at prevailing market rates	**$ 519,900**	$ 435,900
Variable rate demand bonds, payable through November 2033, subject to remarketing in increments from November 2006 through November 2007; interest initially set at long-term fixed rates (ranging from 5.30% to 5.375% at June 30, 2006); interest rate will convert to prevailing market rates through November 2007	**170,000**	255,000
Variable rate demand bonds, payable in installments through November 2036, subject to remarketing in increments from July 2005 through March 2006; interest (2.74% to 3.62% at June 30, 2006) set at prevailing market rates	**582,300**	582,300
Variable uninsured auction rate bonds, subject to 35-day auction periods, payable through November 2032; interest (ranging from 3.90% to 3.95% at June 30, 2006) set at prevailing market rates	**93,925**	96,025
Variable insured auction rate bonds, subject to 35-day auction periods, payable through November 2036; interest (ranging from 3.40% to 3.95% at June 30, 2006) swapped to fixed rates of 3.99% to 4.09% over the life of the bonds	**1,053,475**	1,053,475
Variable uninsured auction rate bonds, subject to 35-day auction periods, payable through November 2039; interest (ranging from 3.55% to 3.75% at June 30, 2006) swapped to a fixed rate of 3.28% through November 15, 2009, after which interest rate will convert to prevailing market rates	**282,700**	290,475
Fixed rate serial and term bonds payable in installments through November 2032; interest at 4.75% to 6.00%	**606,815**	638,850
Fixed rate serial mode bonds issued under the Subordinate Master Trust Indenture with purchase dates ranging from 2007 through 2012; interest at 3.00% to 5.00%, swapped to variable mode through 2012	**612,235**	612,235

4. Long-Term Debt (continued)

	June 30	
	2006	**2005**
Other long-term debt:		
Notes payable to HSD	**$ 22,751**	$ 30,743
Commercial paper	**88,831**	–
Obligations under capital leases	**52,807**	40,828
Other	**30,374**	29,914
	4,116,113	4,065,745
Unamortized premium, net	**39,846**	50,389
Less current portion	**44,769**	41,732
Less long-term debt subject to short-term remarketing arrangements	**1,005,700**	921,700
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	**$3,105,490**	$3,152,702
Senior Master Trust Indenture long-term debt obligations, including unamortized premium, net	**$2,268,295**	$2,399,293
Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium, net	**642,432**	651,924
Other	**194,763**	101,485
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	**$3,105,490**	$3,152,702

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2006, are as follows:

Year ending June 30:	
2007	$ 44,769
2008	78,404
2009	74,020
2010	73,806
2011	80,171
Thereafter	3,764,943
Total	$4,116,113

4. Long-Term Debt (continued)

The carrying amounts of variable rate bonds and other notes payable approximate fair value. The fair values of the unsecured fixed rate serial and term bonds are estimated based on discounted cash flow analyses that consider current incremental borrowing rates for similar types of borrowing arrangements. The fair value of fixed rate serial and term bonds, including the component of variable rate demand bonds subject to long-term fixed interest rates, approximates carrying value at June 30, 2006 and 2005. Interest paid approximated interest expense in 2006 and 2005.

Certain members of Ascension Health and Western Maryland Health System (WMHS, a group of nonprofit corporations located in Cumberland, Maryland) formed the Ascension Health Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member or senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by Ascension Health. Though senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with Ascension Health with stipulated repayment terms and conditions each subject to the governing law of the limited designated affiliate's state of incorporation.

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members which are operating entities pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

The Senior Credit Group's unsecured variable rate demand bonds, while subject to long-term amortization periods, may be put to Ascension Health at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2006, the principal amount of such bonds has been classified as a current obligation in the accompanying consolidated balance sheets. Management believes the likelihood of a material amount of bonds being put to Ascension Health to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including entering into certain bond

4. Long-Term Debt (continued)

repurchase agreements, assessing alternate sources of financing, including the commercial paper programs, and maintaining unrestricted assets as a source of self-liquidity. Bonds with remarketing dates subsequent to June 30, 2006, for which successful remarketing has occurred are classified as long-term.

A Subordinate Credit Group, which is comprised of subordinate obligated group members and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by Ascension Health. Though subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI, each subordinate limited designated affiliate has an independent limited designated affiliate agreement and promissory note with Ascension Health with stipulated repayment terms and conditions each subject to the governing law of the limited designated affiliate's state of incorporation.

In February 2005, the Subordinate Credit Group issued $612,235 of Revenue Bonds Series 2005A (Series 2005A Bonds) in fixed serial mode through three different issuing authorities in three states. The proceeds from the Series 2005A Bonds were used for reimbursement of capital expenditures and to pay off commercial paper notes previously issued for such capital expenditures. While these bonds are initially fixed rate instruments that carry long-term amortization through 2027, the Subordinate Credit Group has an obligation to repurchase the Series 2005A Bonds at dates ranging from 2007 through 2012, or alternately, it may remarket the Series 2005A Bonds with either a new interest rate mode or a continuing fixed serial mode.

Ascension Health has entered into multiple interest rate swap contracts which effectively convert the variable auction rate of certain bonds to fixed rates of 3.28%, 3.99%, or 4.09%, depending upon the stated maturity of the swap (the 2003 Swaps). The 2003 Swaps have been designated as cash flow hedges of the base interest rate and are recorded at fair value as an other noncurrent asset of $24,035 and noncurrent liability of $85,922 on the accompanying consolidated balance sheets as of June 30, 2006 and 2005, respectively. The mark-to-market adjustments resulted in a increase in unrestricted net assets of $109,895 for the year ended June 30, 2006, and a decrease in unrestricted net assets of $85,439 for the year ended June 30, 2005, resulting in an ending accumulated derivative gain of $24,310 in unrestricted net assets at June 30, 2006, and a loss of

4. Long-Term Debt (continued)

$85,585 at June 30, 2005. Changes in value of the 2003 Swaps determined to arise from ineffectiveness of the instruments, as determined through the hypothetical derivative method, are recorded as a nonoperating gain or loss in the consolidated statements of operations and changes in net assets. For the years ended June 30, 2006 and 2005, there was no significant ineffectiveness. Ascension Health expects that the gain or loss existing in unrestricted net assets to be reclassified into net income within the next 12 months will not be significant.

On May 24, 2004, Ascension Health entered into two interest rate swap contracts under which Ascension Health paid the BMA municipal swap index rate on a $100,000 notional amount and receives from the swap counterparties a fixed rate of interest of 3.33% on the same notional amount (the BMA Swaps). During fiscal year 2005, Ascension Health terminated both contracts at market value, resulting in a gain of $1,720.

On February 3, 2005, Ascension Health entered into 16 interest rate swap contracts under which Ascension Health pays the BMA municipal swap index rate on a $655,211 notional amount and received from the swap counterparties fixed rates of interest ranging from 2.85% to 3.28% on the same notional amount. Changes in the value of the BMA Swaps are recorded as a nonoperating loss of $15,638 and $1,887 in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30, 2006 and 2005, respectively.

Guarantees are contingent commitments issued by the Senior Credit Group, generally to guarantee the performance of a sponsored organization or an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and similar transactions. The term of the guarantee is equal to the term of the related debt, which can be as short as 30 days or as long as 34 years. The Senior Credit Group has letters of credit of approximately $57 million related to certain of these guarantees; as of June 30, 2006,

4. Long-Term Debt (continued)

there were no borrowings under any of these letters of credit. The following summary represents the maximum potential amount of future payments the Senior Credit Group could be required to make under its guarantees at June 30, 2006:

The Heart Center of Indiana, LLC Series 2002 Debt Guarantee	$ 55,125
Hospital de la Concepcion 2000 Series A Debt Guarantee	35,475
St. Vincent de Paul Series 2000A Debt Guarantee	28,300
Seton Manor Series 1999A Debt Guarantee	12,505
State of Michigan Letter of Credit	9,763
Rehab Hospital of Indiana, Inc.	8,200
Royal Indemnity Company Letter of Credit	5,051
Other guarantees	54,902
Total guarantees	$209,321

As of June 30, 2006, the Senior Credit Group has a line of credit of $250 million related to its commercial paper program toward which bank commitments totaling $250 million extend to November 21, 2008. As of June 30, 2006 and 2005, there were no borrowings under the line of credit.

5. Pension Plans

Certain Ascension Health entities participate in the Ascension Health Pension Plan (Ascension Plan), which is a noncontributory defined benefit pension plan covering all eligible employees of certain Ascension Health entities. Benefits are based on each participant's years of service and compensation. Ascension Plan assets are invested in a master trust (the Trust) consisting of cash and cash equivalents, equity, and fixed income funds. Contributions to the Ascension Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants.

The assets of the Ascension Plan are available to pay the benefits of eligible employees of all participating entities. In the event entities participating in the Ascension Plan are unable to fulfill their financial obligations under the Ascension Plan, the other participating entities are obligated to do so.

Certain other Ascension Health entities participate in separate noncontributory, defined benefit plans (the Other Ascension Health Plans) in which substantially all employees are eligible to participate. The Other Ascension Health Plans' benefits are based on each participant's years of service and compensation. The Other Ascension Health Plans' assets are invested in the Trust.

5. Pension Plans (continued)

In 2005, Ascension Health used bond proceeds of $650,000 to fund a portion of the unfunded liability in the Ascension Plan and the Other Ascension Health Plans.

The following table sets forth the combined benefit obligations, the assets of the Ascension Plan and the Other Ascension Health Plans (cumulatively, the Ascension Health Pension Plans) at June 30, 2006 and 2005 (using measurement dates primarily of March 31, 2006 and 2005, respectively), and components of net periodic benefit costs for the years then ended and a reconciliation of the amounts recognized in the consolidated balance sheets.

	Years Ended June 30	
	2006	**2005**
Change in benefit obligation		
Projected benefit obligation at beginning of year	**$3,811,000**	$3,507,479
Acquisitions	**–**	–
Service cost	**165,783**	171,940
Interest cost	**232,744**	218,774
Amendments	**(58,412)**	(34,322)
Assumption change	**(1,215)**	5,164
Actuarial loss	**3,470**	47,031
Benefits paid	**(125,363)**	(105,066)
Projected benefit obligation at end of year	**4,028,007**	3,811,000
Accumulated benefit obligation at end of year	**3,459,553**	3,221,108
Change in plan assets		
Fair value of plan assets at beginning of year	**2,942,272**	2,140,306
Acquisitions	**(36)**	–
Actual return on plan assets	**324,411**	60,761
Employer contributions	**153,915**	846,271
Benefits paid	**(125,363)**	(105,066)
Fair value of plan assets at end of year	**3,295,199**	2,942,272
Funded status	**(732,808)**	(868,728)
Unrecognized net loss	**808,131**	984,039
Contributions made after measurement date	**29,307**	42,104
Unrecognized prior service cost	**(39,751)**	22,112
Prepaid benefit cost	**$ 64,879**	$ 179,527

5. Pension Plans (continued)

	Years Ended June 30	
	2006	**2005**
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	**$ (162,952)**	$ (250,003)
Intangible asset	**30,691**	24,122
Cumulative decrease in unrestricted net assets	**197,140**	405,408
Net amount recognized	**$ 64,879**	$ 179,527
Components of net periodic benefit cost		
Service cost	**$ 166,101**	$ 171,940
Interest cost	**232,744**	218,774
Expected return on plan assets	**(253,182)**	(193,490)
Amortization of transition asset	**28**	28
Amortization of prior service cost	**3,423**	6,743
Amortization of actuarial loss	**111,727**	118,064
Net periodic benefit cost	**$ 260,841**	$ 322,059

The assumptions used in accounting for the Ascension Health Pension Plans are set forth below:

	June 30	
	2006	**2005**
Weighted average discount rate	**6.0%**	6.0%
Weighted average rate of compensation increase	**4.0**	4.0
Weighted average expected long-term rate of return on plan assets	**8.5**	8.5

As of June 30, 2006 and 2005, the projected benefit obligation and the accumulated benefit obligation exceeded the fair value of plan assets for most of Ascension Health's pension plans individually.

5. Pension Plans (continued)

The Ascension Health Pension Plans' asset allocation and investment strategies are designed to earn superior returns on plan assets consistent with a reasonable and prudent level of risk. Investments are diversified across classes, sectors, and manager style to minimize the risk of large losses. Derivatives may be used to bridge specific exposure, reduce transaction costs, or modify the portfolio's duration or yield. Ascension Health uses investment managers specializing in each asset category and, where appropriate, provides the investment manager with specific guidelines which include allowable and/or prohibited investment types. Ascension Health regularly monitors manager performance and compliance with investment guidelines.

The weighted average asset allocation for the Ascension Health Pension Plans at the end of fiscal 2006 and 2005, and the target allocation for fiscal 2006, by asset category, are as follows:

	Target Allocation	**Percentage of Plan Assets at Year-End**	
Asset Category	**2006**	**2006**	**2005**
Equity securities	65%	**64%**	59%
Fixed income	35	**35**	39
Cash	–	**1**	2
Total	100%	**100%**	100%

The Trust has entered into a series of interest rate swap agreements with a notional amount of approximately $1.5 billion. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 60% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Ascension Health Pension Plans' investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset

5. Pension Plans (continued)

allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

Information about the expected cash flows for the Ascension Health Pension Plans follows:

Expected employer contributions 2007	$ 137,663
Expected benefit payments:	
2007	250,089
2008	184,093
2009	202,094
2010	217,826
2011	234,032
2012–2016	1,585,904

The contribution amount above includes amounts paid to the Trust. The benefit payment amounts above also reflect the total benefits expected to be paid from the Trust.

In addition, Ascension Health has recorded its 50% interest in the change in minimum pension liability of WMHS as a direct decrease to unrestricted net assets of $5,096 at June 30, 2005.

6. Other Postretirement Benefits

Several Health Ministries provide health care benefits to certain qualified retirees who meet certain eligibility requirements. The policy is to fund these benefits as incurred. The following table provides a reconciliation of the changes in the benefit obligation and components of the net periodic benefit cost:

	Years Ended June 30	
	2006	**2005**
Change in benefit obligation		
Benefit obligation at beginning of year	**$76,326**	$69,857
Service cost	**1,370**	1,495
Interest cost	**4,359**	4,284
Amendments	**(855)**	–
Actuarial gain	**(205)**	4,352
Benefits paid	**(4,173)**	(3,662)
Benefit obligation at end of year	**$76,822**	$76,326
Components of net periodic benefit cost		
Service cost	**$ 1,370**	$ 1,495
Interest cost	**4,359**	4,284
Net amortization and deferral	**(22)**	538
Amortization of prior service cost	**(623)**	(616)
Net periodic benefit cost	**$ 5,084**	$ 5,701

A discount rate range of 5.75% to 6.00% in 2006 and a rate of 6.00% in 2005 was used to estimate benefits for the postretirement health care plan. The health care cost trend rate assumption does not significantly affect the amounts reported.

7. Self-Insurance Programs

Certain Ascension Health hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Irrevocable trust funds and captive insurance companies have been established for the self-insurance programs, and actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance companies to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported and are discounted at 6% in 2006 and 2005. Those entities not participating in the self-insured programs are insured under separate policies.

General/Professional Liability Programs

Professional and general liability coverage is provided on a claims-made basis through a wholly owned onshore trust and captive insurance company with a self-insured retention of $10,000 per occurrence with no aggregate, except for St. Anthony Hospital, a member of Ascension Health located in Chicago, Illinois, where the self-insured retention is $12,500. Excess coverage is provided through Ascension Health Insurance Limited (AHIL), a wholly owned captive insurance company with limits up to $120,000. AHIL's excess coverage is reinsured by commercial carriers, with the exception of a $5,000 per occurrence and $5,000 annual aggregate. Self-insured hospitals in the states of Indiana, Pennsylvania, and Wisconsin are provided professional liability coverage on an occurrence basis with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit. Prior to April 1, 2005, the self-insured retention for certain Ascension Health entities (primarily Michigan entities) was $2,500 with coverage in excess of this retention provided by Caymich Ltd., a multi-owned captive insurance company.

Included in operating expenses in the accompanying statements of operations and changes in net assets is malpractice expense of $137,854 for the year ended June 30, 2006, and $155,756 for the year ended June 30, 2005. At June 30, 2006 and 2005, the current and long-term professional and general liability reserves on the consolidated balance sheets were approximately $613,073 and $580,815, respectively.

7. Self-Insurance Programs (continued)

During 2005, Ascension Health completed the transition of the entities formerly participating in Michigan Assurance Group (MAG), a wholly owned captive insurance company sponsored by certain Michigan Ministries, to AHIL. In connection with this transition, both the AHIL and former MAG entities changed the method of accounting for their professional liability reserves. The effect of this change, which is included in the cumulative effect of changes in accounting principles in the accompanying consolidated statements of operations and changes in net assets, was to decrease Ascension Health's unrestricted net assets as of July 1, 2004, by $27,146. The change in accounting decreased Ascension Health's fiscal year 2005 net income by $3,599.

The AHIL captive also provides physician professional liability coverage to non-employed physicians practicing at Ascension Health's various facilities, primarily in Michigan. Coverage is provided to physicians with limits ranging from $100 per claim to $1,000 per claim with various aggregate limits. The coverage is offered on both a straight claims made basis as well as on a modified claims made basis.

Workers' Compensation

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured retention is $1,000 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members through self-insurance and excess insurance against catastrophic loss. Premium payments made to the trust are expensed and represent claims reported and claims incurred but not reported.

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is workers' compensation expense of $40,475 for the year ended June 30, 2006, and $43,308 for the year ended June 30, 2005. At June 30, 2006 and 2005, the current and long-term workers' compensation liability reserves on the consolidated balance sheets were approximately $87,234 and $81,891, respectively.

8. Lease Commitments

Future minimum payments under noncancelable operating leases with terms of one year or more are:

Year ending June 30:	
2007	$159,420
2008	132,739
2009	109,815
2010	87,051
2011	90,130
Thereafter	223,731
Total	$802,886

Rental expense under operating leases amounted to $196,190 and $172,798 in 2006 and 2005, respectively.

During 2005, Ascension Health outsourced its information technology (IT) function to a third-party provider. The scope of these services includes hardware, IT infrastructure and support, maintenance, and help desk functions. Under the terms of the outsourcing agreement, Ascension Health sold its IT assets to the third-party provider at net book value for cash and a note receivable aggregating $34,000, which is included in other receivables on the accompanying consolidated balance sheets. The note receivable will be amortized over the next ten years in lieu of cash payments for a portion of the services to be received from the provider. Ascension Health leases certain equipment of the provider under a noncancelable operating lease arrangement. The lease amounts are included in the table above.

Several Health Ministries have sold multiple medical and physician office buildings to real estate investment trusts (REITs). In connection with those sales, the Health Ministries entered into long-term ground leases for the property underlying the buildings whereby the REIT is able to take control of the buildings for 50 years with one 25-year renewal at the option of the REIT. Certain of the Health Ministries have arranged to lease back certain space in the buildings to support their ongoing operations for periods of primarily 3 to 11 years. Such leases are considered operating leases based on their terms. Future minimum payments under these leases are included in the payment amounts above. In connection with these sales, Ascension Health recognized immediate nonoperating gains in the accompanying consolidated statements of operations and

8. Lease Commitments (continued)

changes in net assets of $242 for the year ended June 30, 2005. The remaining gains of $8,373 for the year ended June 30, 2005, have been deferred in the accompanying consolidated balance sheets and are being recognized as nonoperating gains over the related leaseback term. The net remaining deferred gain as of June 30, 2006, is $24,003.

9. Contingencies and Commitments

In addition to professional liability claims, Ascension Health is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on Ascension Health's consolidated financial position.

Certain Health Ministries have an obligation to make payments in installments of $500 per year through 2096 to the St. Louis Province of the CSJ under an arrangement subject to certain performance conditions. These amounts have not been recorded as a liability due to the nature of the conditions. Payments of $500 have been recorded as transfers to affiliates in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30, 2006 and 2005.

10. Subsequent Event

Effective July 7, 2006, Central Indiana Health System Cardiac Services, Inc. (CIHSCS) (a member of Ascension Health located in Indianapolis, Indiana) purchased an additional 15% interest in The Heart Center of Indiana, LLC for $50 million plus legal fees. The name of the hospital was changed to St. Vincent Heart Center of Indiana, LLC (SVHCI). CIHSCS now owns 65% of SVHCI. Beginning in July 2006, SVHCI will be consolidated as part of Ascension Health's financial statements and will reflect a 35% minority interest liability.

Appendix C

Summary of Principal Documents

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APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

The following is a summary of certain provisions of the Senior Master Indenture, the Supplemental Senior Master Indentures, the Bond Indentures and the Loan Agreements which are not described elsewhere in this Limited Offering Memorandum.

These summaries do not purport to be comprehensive and reference should be made to each of said documents for a full and complete statement of their provisions.

Definitions of Certain Terms

The following is a summary of certain terms used in this Summary of Principal Documents. All capitalized terms not defined herein or elsewhere in this Limited Offering Memorandum have the meanings set forth in the Senior Master Indenture or the applicable Bond Indenture.

Alternate Liquidity Facility means a line of credit, letter of credit, standby purchase agreement or similar liquidity facility issued by a commercial bank or financial institution delivered or made available to the Tender Agent in accordance with the Loan Agreement which replaces the Liquidity Facility then in effect.

Annual Debt Service shall mean for each Fiscal Year the sum (without duplication) of (1) the aggregate amount of principal and interest becoming due and payable in such Fiscal Year on all Long-Term Indebtedness of the Senior Credit Group then Outstanding and (2) the aggregate amount of Senior Obligation Payments becoming due and payable in such Fiscal Year (in either case by scheduled maturity, acceleration, mandatory redemption or otherwise), less any amounts of such principal, interest or Senior Obligation Payments to be paid during such Fiscal Year from (a) the proceeds of Indebtedness or (b) moneys or Governmental Obligations deposited in trust for the purpose of paying such principal, interest or Senior Obligation Payments; provided that if a Financial Products Agreement has been entered into by any Senior Obligated Group Member or Senior Designated Affiliate with respect to Long-Term Indebtedness, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments payable in such Fiscal Year minus any Financial Product Receipts receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service.

Annual Indexed Put Date means the date that is one calendar year following the Initial Indexed Put Date (without regard to any adjustment in the Initial Indexed Put Date for Business Days) and thereafter the date in each calendar year that is one year following the previous Annual Indexed Put Date (without regard to any adjustment in the previous Annual Indexed Put Date for Business Days); provided that if any such Annual Indexed Put Date is not a Business Day, the next preceding Business Day.

Annual Required Debt Service Coverage Ratio shall mean, for any Fiscal Year, the ratio determined by dividing Income Available for Debt Service by Annual Debt Service for such Fiscal Year.

Applicable Spread means, with respect to the Indexed Put Bonds,

(A) (i) initially with respect to the Indexed Coupon Rate, +0 basis points, and (ii) initially, with respect to the Indexed Conversion Rate, +8 basis points, and

(B) (I) upon the occurrence of an Extraordinary Purchase Event set forth in clause (i) of the definition thereof, +250 basis points for the six month period immediately following the occurrence of such event, and thereafter +500 basis points, (II) upon the occurrence of an Extraordinary Purchase Event set forth in any other clauses of the definition thereof or upon the occurrence of an Event of Default, Failure to Pay Tender Price or Failure of a Conversion from the Indexed

Put Bonds Mode, +500 basis points, and (III) a spread determined by the Remarketing Agent pursuant to the Bond Indenture to be added to or subtracted from the BMA Index.

Ascension Health or the **Corporation** shall mean Ascension Health, a Missouri not-for-profit corporation, and its successors.

Authorized Denominations means (a) with respect to Bonds which are subject to a Serial Bond Interest Rate Period, $5,000 or any integral multiple thereof, (b) with respect to Bonds which are ARS, $25,000 or any integral multiple thereof and (d) with respect to Bonds which are not described in the preceding clause (a) or clause (b), $100,000 or any integral multiple of $5,000 in excess of $100,000.

Beneficial Owner shall mean any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the Bonds (including any Person holding Bonds through nominees, depositories or other intermediaries).

BMA Index means, for any day, a per annum rate, expressed as a decimal, equal to (a) if such day is a Reset Date, (i) the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by The Bond Market Association and issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day; or (ii) if such rate is no longer published, then the rate for such day shall be 85% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day such BMA Index would otherwise be determined as provided in each Bond Indenture for such Indexed Put Rate Period; and (b) if such day is not a Reset Date, the rate for such day shall be the rate determined pursuant to the preceding clause (a) of this definition for the next preceding Reset Date.

Bond Interest Term means, with respect to any Bond, each period established in accordance with the applicable Bond Indenture during which such Bond shall bear interest at a Bond Interest Term Rate.

Bond Interest Term Rate means, with respect to any Bond, an interest rate on such Bond established periodically in accordance with the applicable Bond Indenture.

Bonds, as used in this Appendix C, shall mean the Series 2006 Bonds described elsewhere in this Limited Offering Memorandum.

Book Value shall mean, when used in connection with Property, Plant and Equipment or other Property of any Senior Obligated Group Member or Senior Designated Affiliate, the value of such property, net of accumulated depreciation, as it is carried on the books of such Senior Obligated Group Member or Senior Designated Affiliate and in conformity with generally accepted accounting principles, and when used in connection with Property, Plant and Equipment or other Property of the Senior Credit Group, means the aggregate of the values so determined with respect to such Property of each Senior Obligated Group Member and Senior Designated Affiliate determined in such a way that no portion of such value of Property of any Senior Obligated Group Member or Senior Designated Affiliate is included more than once.

Borrower shall mean Ascension Health.

Business Day shall mean any day on which banks located in New York, New York, and the city in which the Principal Corporate Trust Office of the Bond Trustee is located are not required or authorized to be closed and on which The New York Stock Exchange is open.

Code shall mean the Internal Revenue Code of 1986 or any successor statute thereto and any regulations promulgated thereunder

Controlling Member shall mean the Senior Obligated Group Member designated by the Senior Credit Group Representative to establish and maintain control over a Senior Designated Affiliate.

Conversion means a conversion of a Series of Bonds from one Interest Rate Period to another Interest Rate Period (including the establishment of a new Serial Bond Interest Rate and a conversion of Indexed Put Bonds to a new Indexed Put Interest Rate Period).

Conversion Date means the effective date of a Conversion of a Series of Bonds.

Current Rate Calculation Agent means, initially Morgan Stanley & Co. Incorporated, or such other person who, at the request of Ascension Health, has executed a Current Rate Calculation Agent Agreement with the Bond Trustee in substantially the form of the Current Rate Calculation Agent Agreement, dated as of November 1, 2006, between the Bond Trustee and the initial Current Rate Calculation Agent (provided, however, that if the Bond Trustee assumes the duties of the Current Rate Calculation Agent, no such agreement shall be required).

Designated Maturity means (i) with respect to USD-ISDA-Swap Rate, ten (10) years.

Determination of Taxability means any determination, decision, decree or advisement by the Commissioner of Internal Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction, or an opinion obtained by the Bond Trustee, of counsel qualified in such matters, that an Event of Taxability shall have occurred. A Determination of Taxability also shall be deemed to have occurred on the first to occur of the following:

(a) the date when Ascension Health files any statement, supplemental statement, or other tax schedule, return or document, which discloses that an Event of Taxability shall have occurred;

(b) the effective date of any federal legislation enacted or federal rule or regulation promulgated after the date of the applicable Bond Indenture that causes an Event of Taxability; or

(c) if upon sale, lease or other deliberate action within the meaning of Treas. Reg. § 1.141 2(d), the failure to receive an unqualified opinion of Bond Counsel to the effect that such action will not cause interest on the Bonds to become includable in the gross income of the recipient.

Eligible Bonds means any Bonds other than Liquidity Facility Bonds or Bonds owned by, for the account of, or on behalf of, the applicable Issuer or any Senior Member.

Event of Insolvency means (i) a court having jurisdiction shall enter a decree or order for relief in respect of Ascension Health or any Member of the Obligated Group (as defined in the Senior Master Indenture) in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Ascension Health or any Member or for any substantial part of the Property of Ascension Health or any Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days or (ii) Ascension Health or any Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Ascension Health or any Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

Event of Taxability means with respect to the Bonds or any Series of Bonds: (i) the application of the proceeds of such Bonds in such manner that such Bonds become "arbitrage bonds" within the meaning of Code Sections 103(b)(2) and 148, and with the result that interest on such Bonds is or becomes includable in a Holder's gross income (as defined in Code Section 61); (ii) if as the result of any act, failure to act or use of the proceeds of such Bonds or any misrepresentation or inaccuracy in any of the representations, warranties or covenants contained in the applicable Bond Indenture by the Issuer or in the Loan Agreement by Ascension Health or the enactment of

any federal legislation or the promulgation of any federal rule or regulation after the date of the Bond Indenture, the interest on such Bonds is or becomes includable in a Holder's gross income (as defined in Code Section 61) or (iii) any revocation of the determination letter from the Internal Revenue Service regarding the status of Ascension Health or any Member of the Obligated Group as a 501(c)(3) corporation.

Expiration Date means (i) the date upon which a Liquidity Facility is scheduled to expire (taking into account any extensions of such Expiration Date by virtue of extensions of a particular Liquidity Facility, from time to time) in accordance with its terms, including without limitation termination upon the effective date of an Alternate Liquidity Facility and (ii) the date upon which a Liquidity Facility terminates following voluntary termination by Ascension Health (with the consent of the Senior Credit Group Representative) pursuant to the applicable Loan Agreement.

Extraordinary Purchase Event means

(i) the long term rating of the Indexed Put Bonds or any other debt issued pursuant to or secured under the Senior Master Indenture is (i) reduced to or below BBB+ by S&P, Baa1 by Moody's or BBB+ by Fitch by any two of such rating agencies, (ii) reduced below by BBB by S&P, Baa2 by Moody's or BBB by Fitch by any such rating agency or (iii) any of the ratings of the Indexed Put Bonds or any of the ratings or any other debt issued pursuant to or secured under the Senior Master Indenture is withdrawn or suspended for any reason;

(ii) an Event of Insolvency has occurred;

(iii) a Payment Default has occurred;

(iv) a Determination of Taxability has occurred; or

(v) if at any time Ascension Health fails to comply with any covenant on its part to be complied with under the related documents (after giving effect to any grace periods applicable thereto); provided, however, if such failure to comply relates to a Payment Default, any applicable grace period contained in such related document applicable thereto shall be disregarded for purposes of this definition).

Extraordinary Tender Price means the redemption price of 100% of the principal amount of the Indexed Put Bonds.

Extraordinary Tender Date means the date on which Indexed Put Bonds or any Series of Bonds are required to be purchased pursuant to the applicable Bond Indenture.

Fair Market Value, when used in connection with Property, shall mean the fair market value of such Property as determined by either: (1) an appraisal of the portion of such Property which is real property made within five years of the date of determination by a "Member of the Appraisal Institute" and by an appraisal of the portion of such Property which is not real property made within five years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by a person or firm which (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in any Senior Obligated Group Member or Senior Designated Affiliate and (c) is not connected with any Senior Obligated Group Member or Senior Designated Affiliate as an officer, employee, promoter, trustee, partner, director or person performing similar functions, adjusted for the period, not in excess of five years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer's Certificate delivered to the Senior Master Trustee; or (2) a bona fide offer for the purchase of such Property made on an arm's-length basis within six months of the date of determination, as established by an Officer's Certificate.

Favorable Opinion of Bond Counsel means an opinion of Bond Counsel, addressed to the applicable Issuer, the Remarketing Agent (if any), the Broker-Dealer (if any), the Auction Agent (if any), the Senior Credit Group Representative, Ascension Health and the Bond Trustee to the effect that the action proposed to be taken is

authorized or permitted by the laws of the State of the applicable Issuer and the applicable Bond Indenture and will not result in the inclusion of interest on the Bonds in gross income for federal income tax purposes.

Financial Products Agreement shall mean an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated, identified to the Senior Master Trustee in a Certificate of the Senior Credit Group Representative as having been entered into by a Senior Obligated Group Member or a Senior Designated Affiliate with a Qualified Provider not for investment purposes but with respect to Indebtedness (which Indebtedness shall be specifically identified in the Certificate of the Senior Credit Group Representative) for the purpose of (1) reducing or otherwise managing the Senior Obligated Group Member's or Senior Designated Affiliate's risk of interest rate changes or (2) effectively converting the Senior Obligated Group Member's or Senior Designated Affiliate's interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

Financial Product Payments shall mean payments periodically required to be paid to a counterparty by a Senior Obligated Group Member or a Senior Designated Affiliate pursuant to a Financial Products Agreement.

Financial Product Receipts shall mean amounts periodically required to be paid to a Senior Obligated Group Member or a Senior Designated Affiliate by a counterparty pursuant to a Financial Products Agreement.

Fiscal Year shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter designated by the Senior Credit Group Representative as the fiscal year of the Senior Credit Group.

Fitch shall mean Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Senior Credit Group Representative by notice in writing to the applicable Issuer and the Bond Trustee.

Fixed Rate Conversion Date means the date on which a Series of Bonds begin to bear interest for a Serial Bond Interest Rate Period which extends to the final Maturity Date of such Series of Bonds.

Governing Body shall mean, when used with respect to any Senior Obligated Group Member or Senior Designated Affiliate, its board of directors, board of trustees or other board or group of individuals in which all of the powers of such Senior Obligated Group Member or Senior Designated Affiliate are vested, except for those powers reserved to the corporate membership of such Senior Obligated Group Member or Senior Designated Affiliate by the articles of incorporation or bylaws of such Senior Obligated Group Member or Senior Designated Affiliate.

Government Issuer shall mean any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Bonds under the Senior Master Indenture.

Government Obligations shall mean: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America; (2) obligations issued or guaranteed by any agency, department or instrumentality of the United States of America if the obligations issued or guaranteed by such entity are rated in one of the two highest rating categories of a Rating Agency (without regard to any gradation of such rating category); (3) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clauses (1) and/or (2), provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (4) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust of cash and/or obligations described in clauses (1), (2) and/or (3).

Guaranty shall mean all loan commitments and all obligations of any Senior Obligated Group Member or Senior Designated Affiliate guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other Person that would, if such other Person were a Senior Obligated Group Member or a Senior Designated Affiliate, constitute Indebtedness.

Holder or **Bondholder**, whenever used with respect to a Bond, shall mean the Person in whose name such Bond is registered on the registration books of the Bond Trustee.

Hypothetical Swap means a hypothetical interest rate swap transaction with the following terms: (i) an amortizing notional amount equal to the principal amount of the applicable Series of Indexed Put Bonds, (ii) an effective date of the date of delivery of the applicable Series of Indexed Put Bonds, (iii) a termination date of the Initial Indexed Put Date for the applicable Series of Indexed Put Bonds, (iv) payment dates that are the same as the Interest Payment Dates on the Indexed Put Bonds, (v) period end dates that are the same as the payment dates, (vi) a floating rate payor, assumed for purposes hereof to be Ascension Health, paying amounts based on a rate equal to the applicable Indexed Coupon Rate, and (vii) another floating rate payor, assumed for purposes hereof to be the Index Rate Agent, as agent for the Bondholders, paying amounts based on a rate equal to the Indexed Conversion Rate (without regard to the applicable Interest Rate Adjustment).

Hypothetical Termination Value means an amount, determined by the Index Rate Agent, equal to the Market Quotation, or if the Market Quotation cannot be determined, equal to the Loss.

Immediate Termination Date means the date on which the Liquidity Facility Provider's obligation to advance funds or purchase Bonds under a Liquidity Facility terminates or is suspended immediately in accordance with its terms.

Index Option means the option of the Bondholders set forth in the Bond Indenture.

Index Option Conversion Date means the date on which the Index Option is exercised pursuant to the Bond Indenture.

Index Option Termination Date means November 1, 2014.

Index Rate Agent means Ascension Health.

Indexed Conversion Rate means a per annum rate equal to the sum of (i) the BMA Index, (ii) the Applicable Spread, and (iii) the Interest Rate Adjustment, if any.

Indexed Coupon Rate means with respect to the Series 2006B-1, Series 2006B-7 and Series 2006B-8 and Series 2006C-1 Indexed Put Bonds, a per annum rate equal to the sum of (i) the product obtained by multiplying sixty-six and seventy-five hundredths percent (66.75%) by the USD-ISDA Swap Rate, and (ii) the Applicable Spread.

Indexed Put Bond Business Day means any day on which commercial banks are open for general business in New York, New York.

Indexed Put Date means the Initial Indexed Put Date or any Annual Indexed Put Date, as applicable.

Interest Rate Adjustment means, in respect of a conversion of the rate on a Series of Indexed Put Bonds pursuant to the Bond Indenture, a fixed per annum rate determined by the Index Rate Agent in its sole discretion on the basis of the actual number of days elapsed in a 365 or 366 day year, as applicable, equal to such rate which, if applied to the payment of such Series of Indexed Put Bonds, would in aggregate result in the payment of the Hypothetical Termination Value on the Interest Payment Dates from, and including, the applicable Index Option Conversion Date to, and including, the Initial Indexed Put Date, calculated and valued on the basis of the prevailing

LIBOR discount curve as of the applicable Index Option Conversion Date in accordance with standard financial practice for calculating prices and yields.

Index Rate Agreement means the Index Rate Agreement, dated as of November 1, 2006, between the Bond Trustee and the Index Rate Agent.

Indexed Put Bonds means, on any date, the Bonds or any Series of Bonds when bearing interest at an Indexed Put Rate as provided in the Bond Indenture.

Indexed Put Interest Rate Period means each period during which an Indexed Put Rate is in effect for the Bonds or any Series of Bonds.

Indexed Put Rate means the per annum interest rate, applied on the basis of the actual number of days in the Indexed Put Interest Rate Period in respect of which payment is being made divided by 365 (or, if any portion of that Indexed Put Interest Rate Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Indexed Put Interest Rate Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Indexed Put Interest Rate Period falling in a non-leap year divided by 365), payable on each Indexed Put Bond for the Indexed Put Interest Rate Period, equal to (i) initially, the applicable Indexed Coupon Rate, and (ii) upon the exercise of the Index Option, the applicable Indexed Conversion Rate, subject in each case to the application of the applicable Maximum Indexed Put Rate and the Minimum Indexed Put Rate.

Indexed Put Rate Period means each period from, and including, each Reset Date during an Interest Put Interest Rate Period and ending on, but excluding, the next succeeding Reset Date; except that the initial Indexed Put Rate Period shall commence on, and include, the date of delivery of the Indexed Put Bonds and the final Indexed Put Rate Period shall end on, but exclude, the last day of such Indexed Put Interest Rate Period.

Initial Indexed Put Date means November 3, 2016; provided that if such day is not a Business Day, the next preceding Business Day; provided further, that if Ascension Health delivers a Rollover Notice pursuant to (and as defined in) each Bond Indenture, the new Initial Indexed Put Date shall be determined by the Remarketing Agent as provided in the Bond Indentures.

Immaterial Affiliates shall mean Persons (whether or not Senior Designated Affiliates) whose combined total net assets, as shown on their financial statements for their most recently completed fiscal year, were less than 10% of the combined or consolidated net assets of the Senior Credit Group (including the net assets of such Persons) for the most recently completed Fiscal Year of the Senior Credit Group.

Income Available for Debt Service shall mean, as to any period of time, the excess of revenues over expenses (or, in the case of for-profit Senior Obligated Group Members or Senior Designated Affiliates, net income after taxes) of the Senior Credit Group for such period, to which shall be added depreciation, amortization and interest (and Senior Obligation Payments to the extent that such Senior Obligation Payments are treated as an expense during such period of time in accordance with generally accepted accounting principles), provided that no such determination shall include (1) any gain or loss resulting from (a) the extinguishment of Indebtedness, (b) any disposition of capital assets not made in the ordinary course of business, (c) any discontinued operations or (d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles, (2) unrealized gains on marketable securities held by a Senior Obligated Group Member or a Senior Designated Affiliate as of the last date of such period of time, (3) unrealized losses on marketable securities held by a Senior Obligated Group Member or a Senior Designated Affiliate as of the last date of such period of time unless such losses represent a permanent decline in value of such securities in accordance with generally accepted accounting principles or (4) any nonrecurring items of an extraordinary nature which do not involve the receipt, expenditure or transfer of assets.

Indebtedness shall mean any Guaranty (other than any Guaranty by any Senior Obligated Group Member or Senior Designated Affiliate of Indebtedness of any other Senior Obligated Group Member or Senior Designated Affiliate) and any obligation of any Senior Obligated Group Member or Senior Designated Affiliate (1) for borrowed money, (2) with respect to leases which are considered capital leases or (3) under installment sale

agreements, in each case as determined in accordance with generally accepted accounting principles; provided, however, that if more than one Senior Obligated Group Member or Senior Designated Affiliate shall have incurred or assumed a Guaranty of a Person other than a Senior Obligated Group Member or a Senior Designated Affiliate, or if more than one Senior Obligated Group Member or Senior Designated Affiliate shall be obligated to pay any obligation, for purposes of any computations or calculations under the Senior Master Indenture such Guaranty or obligation shall be included only one time.

Independent Consultant shall mean a firm (but not an individual) which (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in any Senior Obligated Group Member or any Senior Designated Affiliate, (3) is not connected with any Senior Obligated Group Member or any Senior Designated Affiliate as an officer, employee, promoter, trustee, partner, director or person performing similar functions and (4) is a certified public accounting firm, a nationally recognized investment banker or a nationally recognized professional management consultant, and designated by the Senior Credit Group Representative qualified to pass upon questions relating to the financial affairs of organizations similar to the Senior Credit Group or facilities of the type or types operated by the Senior Credit Group and having the skill and experience necessary to render the particular opinion or report required by the provision of the Senior Master Indenture in which such requirement appears.

Interest Accrual Date means (a) for any Weekly Interest Rate Period, the first day thereof and, thereafter, the first Wednesday of each calendar month during such Weekly Interest Rate Period (whether or not a Business Day); (b)for any Auction Period within an ARS Interest Rate Period, the first day thereof; (c) for any Serial Bond Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date, during that Serial Bond Interest Rate Period; (d) for each Bond Interest Term within a Short-Term Interest Rate Period, the first day thereof; and (e) for each Indexed Put Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof during such Indexed Put Interest Rate Period.

Interest Payment Date means: (a) with respect to the Bonds or any Series of Bonds other than ARS, (i) for any Weekly Interest Rate Period, the first Wednesday of each calendar month, or, if the first Wednesday is not a Business Day, the next succeeding Business Day; (ii) for any Serial Bond Interest Rate Period, each May 15 and November 15, or if any May 15 or November 15 is not a Business Day, the next succeeding Business Day; (iii) for any Bond Interest Term, the day next succeeding the last day of that Bond Interest Term; (iv) for each Interest Rate Period that is different than the immediately preceding Interest Rate Period, the first day thereof for the immediately preceding Interest Rate Period; (v) for Liquidity Facility Bonds, each date specified in the Liquidity Facility relating to such Liquidity Facility Bonds; and (vi) for any Indexed Put Interest Rate Period, (i) December 7, 2006, and (ii) thereafter, (A) the first Thursday of each calendar month, or, if the first Thursday is not an Indexed Put Bond Business Day, the next succeeding Indexed Put Bond Business Day, and (B) any Tender Date; and (b)with respect to Bonds or any Series of Bonds which are ARS, each ARS Interest Payment Date.

Interest Rate Adjustment means, in respect of a conversion of the rate on a Series of Indexed Put Bonds pursuant to the applicable Bond Indenture, a fixed per annum rate determined by the Index Rate Agent the basis of the actual number of days elapsed in a 365 or 366 day year, as applicable, equal to such rate which, if applied to the payment of such Series of Indexed Put Bonds, would in aggregate result in the payment of the Hypothetical Termination Value on the Interest Payment Dates from, and including, the applicable Index Option Conversion Date to, and including, the Initial Indexed Put Date, calculated and valued on the basis of the prevailing LIBOR discount curve as of the applicable Index Option Conversion Date in accordance with standard financial practice for calculating prices and yields.

Interest Rate Period means a Weekly Interest Rate Period, a Short-Term Interest Rate Period, a Serial Bond Interest Rate Period, an ARS Interest Rate Period or an Indexed Put Interest Rate Period.

Lien shall mean any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property, excluding Liens applicable to Property in which any Senior Obligated Group Member or Senior Designated Affiliate has only a leasehold interest, unless the Lien is with respect to such leasehold interest.

Liquidity Facility means a line of credit, letter of credit, standby purchase agreement or similar liquidity facility issued by a commercial bank or other financial institution and delivered or made available to the Tender Agent in accordance with the Loan Agreement or, in the event of the delivery or availability of an Alternate Liquidity Facility, such Alternate Liquidity Facility.

Liquidity Facility Bonds means Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a Liquidity Facility, but excluding Bonds no longer considered to be Liquidity Facility Bonds in accordance with the terms of the applicable Liquidity Facility.

Liquidity Facility Provider means the commercial bank or other financial institution issuing (or having primary obligation, or acting as agent for the financial institutions obligated, under) a Liquidity Facility then in effect.

Liquidity Facility Rate means the rate per annum, if any, specified in a Liquidity Facility as applicable to Liquidity Facility Bonds, which rate shall not exceed the Maximum Interest Rate, but in no event shall such Liquidity Facility Rate exceed the Maximum Lawful Rate.

London Banking Day means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency) in the City of London.

Long-Term Indebtedness shall mean Indebtedness having an original maturity greater than one year or renewable at the option of a Senior Obligated Group Member or a Senior Designated Affiliate for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least five (5) consecutive days during each calendar year.

Loss means, with respect to the termination of the Hypothetical Swap or other hedging transaction with the same terms as the Hypothetical Swap, an amount the Index Rate Agent reasonably determines in good faith would be Ascension Health's total losses and costs (which loss shall be expressed as a negative number) or gain (which shall be expressed as a positive number) in respect of the termination of the Hypothetical Swap on an Index Option Conversion Date, including any loss of bargain, cost of funding or, at the election of the Index Rate Agent but without duplication, loss or cost incurred as a result of Ascension Health terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment required to have been made (assuming satisfaction of each applicable condition precedent) in respect of the Hypothetical Swap on or before the applicable Index Option Conversion Date. Loss does not include Ascension Health's legal fees and out-of-pocket expenses. The Index Rate Agent will determine Ascension Health's Loss as of the applicable Index Option Conversion Date. The Index Rate Agent may (but need not) determine Ascension Health's Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

Market Quotation means, with respect to the Hypothetical Swap or other hedging transaction with the same terms as the Hypothetical Swap, an amount determined on the basis of quotations from Reference Market-makers in respect of the termination of the Hypothetical Swap on an Index Option Conversion Date. Each quotation will be for an amount, if any, that would be paid to Ascension Health (expressed as a positive number) or by Ascension Health (expressed as a negative number) in consideration of an agreement between Ascension Health and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for Ascension Health the economic equivalent of any payment by the parties under the Hypothetical Swap that would, but for the occurrence of the applicable Index Option Conversion Date, have been required after that date. For this purpose, unpaid amounts in respect of the Hypothetical Swap are to be excluded but, without limitation, any payment that would, but for the occurrence of the applicable Index Option Conversion Date, have been required thereafter is to be included. The Replacement Transaction would be subject to such documentation as the Index Rate Agent and the Reference Market-maker may, in good faith, agree. The Index Rate Agent will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones), as selected in good faith by the Index Rate Agent. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations,

without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotations has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, the Market Quotation may, at the discretion of the Index Rate Agent, be the arithmetic mean of the quotations provided, if two quotations are provided, or the quotation, if one quotation is provided.

Material Senior Credit Group Members shall mean the Senior Obligated Group Members and Senior Designated Affiliates whose combined total net assets, as shown on their financial statements for their most recently completed fiscal year, were equal to or greater than 90% of the combined or consolidated net assets of the entire Senior Credit Group for the most recently completed Fiscal Year of the Senior Credit Group.

Material Senior Designated Affiliate shall mean any Senior Designated Affiliate whose total net assets, as shown on its financial statements for its most recently completed fiscal year, were equal to or greater than 10% of the combined or consolidated net assets of the Senior Credit Group for the most recently completed Fiscal Year of the Senior Credit Group.

Maturity Date means the final maturity date shown in the front part of this Limited Offering Memorandum for each Series or subseries of Bonds.

Maximum Indexed Put Rate means the lesser of the Maximum Lawful Rate and 12% per annum.

Minimum Indexed Put Rate means zero percent (0.00%) per annum.

Maximum Interest Rate means (a) with respect to Bonds other than ARS and Indexed Put Bonds, the lesser of 12.00% per annum and the Maximum Lawful Rate, (b) with respect to ARS, the ARS Maximum Rate, and (c) with respect to each Series of Indexed Put Bonds, the Maximum Indexed Put Rate for such Series, in each case calculated in the same manner as interest is calculated for the particular interest rate on the Bonds.

Maximum Lawful Rate means the maximum rate of interest on the relevant obligation permitted by applicable law.

Member shall mean a member of the Senior Credit Group.

Moody's shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Senior Credit Group Representative by notice in writing to the applicable Issuer and the Bond Trustee.

Noticed Termination Date means the date on which a Liquidity Facility Provider's obligation to advance funds or purchase Bonds under a Liquidity Facility terminates as stated in the Liquidity Facility Provider's notice of termination delivered pursuant to the Liquidity Facility due to a default under specified sections of the Liquidity Facility, which date of termination shall be twenty (20) days (or such longer period as is specified in the Liquidity Facility) after the date of receipt by the Bond Trustee of such notice.

Officer's Certificate shall mean a certificate signed by an Authorized Representative of the Senior Credit Group Representative.

Opinion of Bond Counsel shall mean a written opinion signed by an attorney or firm of attorneys experienced in the field of public finance whose opinions are generally accepted by purchasers of bonds issued by or on behalf of a Government Issuer.

Opinion of Counsel shall mean a written opinion signed by a reputable and qualified attorney or firm of attorneys who may be counsel for the Senior Credit Group Representative.

Outstanding, when used as of any particular time with reference to Bonds, means (subject to the provisions of the applicable Bond Indenture relating to disqualified Bonds) all Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Trustee under the applicable Bond Indenture except (1) Bonds theretofore canceled by the Bond Trustee or surrendered to the Bond Trustee for cancellation; (2) Bonds with respect to which all liability of the applicable Issuer shall have been discharged in accordance with the defeasance provisions of the applicable Bond Indenture, including particular Bonds (or portions of Bonds) with respect to which money is held under the applicable Bond Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bond Trustee pursuant to the applicable Bond Indenture.

Outstanding, when used with reference to Indebtedness or Senior Obligations, shall mean, as of any date of determination, all Indebtedness or Senior Obligations theretofore issued or incurred and not paid and discharged other than (1) Senior Obligations theretofore cancelled by the Senior Master Trustee or delivered to the Senior Master Trustee for cancellation, (2) Senior Obligations in lieu of which other Senior Obligations have been authenticated and delivered or which have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Senior Obligations unless proof satisfactory to the Senior Master Trustee has been received that any such Senior Obligation is held by a bona fide purchaser, (3) any Senior Obligation held by any Senior Obligated Group Member or Senior Designated Affiliate and (4) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when a Senior Obligation secures an issue of Related Bonds and another Senior Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Bonds) for purposes of the various financial covenants contained in the Senior Master Indenture, but only for such purposes, only one of such Senior Obligations shall be deemed Outstanding and the Senior Obligation so deemed to be Outstanding shall be that Senior Obligation which produces the greatest amount of Annual Debt Service to be included in the calculation of such covenants.

Payment Default means any failure by the Issuer to make timely payment of principal or interest on the Bonds when due.

Permitted Liens shall mean and include:

(1) Liens arising by reason of good faith deposits with any Senior Obligated Group Member or Senior Designated Affiliate in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Senior Obligated Group Member or Senior Designated Affiliate to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(2) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Senior Obligated Group Member or Senior Designated Affiliate to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements, and any Lien in the nature of a banker's lien or right of setoff with respect to deposits which any Senior Obligated Group Member or Senior Designated Affiliate is not required to maintain with the bank in question;

(3) Any Lien arising by reason of any escrow established to pay debt service with respect to Indebtedness;

(4) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(5) Liens on moneys deposited by patients or others with any Senior Obligated Group Member or Senior Designated Affiliate as security for or as prepayment for the cost of patient care, and any rights of residents of life care, elderly housing or similar facilities to entrance fees, endowment or similar funds deposited by or on behalf of such residents;

(6) Liens on Property received by any Senior Obligated Group Member or Senior Designated Affiliate through gifts, grants or bequests; provided, that no such Lien (or the amount of Indebtedness secured thereby) may be increased or modified so as to apply to any Property of any Senior Obligated Group Member or Senior Designated Affiliate not previously subject to such Lien unless such Lien following such increase or modification otherwise qualifies as a Permitted Lien under the Senior Master Indenture;

(7) Statutory rights of the United States of America by reason of federal funds made available under 42 U.S.C. Section 291 et seq. and similar rights under other federal and state statutes;

(8) Liens on funds established pursuant to the terms of any Related Supplement, Related Bond Indenture or related document in favor of the Senior Master Trustee, a Related Bond Trustee or the registered owner of the Indebtedness issued pursuant to such Related Supplement, Related Bond Indenture or related document;

(9) Liens required by any federal, state or local government as a condition to its making a grant or loan (except loans made solely from the proceeds derived from the sale of Related Bonds) to, or its guaranteeing or insuring part or all of Indebtedness of, a Senior Obligated Group Member or a Senior Designated Affiliate, but only if such Lien is limited to Property the acquisition of which has not been financed, directly or indirectly, with proceeds of Senior Obligations or Related Bonds;

(10) Liens in favor of the Senior Master Trustee securing all Outstanding Senior Obligations equally and ratably;

(11) Liens junior to Liens in favor of the Senior Master Trustee in accordance with clause (16) hereof;

(12) Liens which are existing on the date of execution of the Senior Master Indenture or existing on the date any Person becomes a Senior Obligated Group Member or a Senior Designated Affiliate, provided that no such Lien (or the amount of Indebtedness secured thereby) may be increased or modified to apply to any Property of any Senior Obligated Group Member or Senior Designated Affiliate not subject to such Lien on such date, unless such Lien following such increase or modification otherwise qualifies as a Permitted Lien under the Senior Master Indenture;

(13) Liens on Property of a Person at the time such Person engages in a merger, consolidation, sale or conveyance pursuant to the Senior Master Indenture; provided that no such Lien (or the amount of Indebtedness secured thereby) may be increased or modified to apply to any Property of any Senior Obligated Group Member or Senior Designated Affiliate not subject to such Lien on such date, unless such Lien following such increase or modification otherwise qualifies as a Permitted Lien under the Senior Master Indenture;

(14) Liens granted by a Senior Obligated Group Member or Senior Designated Affiliate to another Senior Obligated Group Member or Senior Designated Affiliate;

(15) Liens securing Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such Liens; provided that such Liens shall not apply to any property theretofore owned by a Senior Obligated Group Member or Senior Designated Affiliate other than any theretofore unimproved real property on which the property so constructed or improved is located; and

(16) Any other Lien, provided that the aggregate Value of Property subject to Liens created or permitted to exist pursuant to this clause (16) shall not exceed ten percent (10%) of the total net assets of the Senior Credit Group (as shown on the financial statements of the Senior Credit Group for most recent fiscal year for which financial statements are available immediately preceding the date that such Lien is created).

Pledged Revenues means all gross revenues, receipts and income of the Pledging Members arising in any manner with respect to, incident to or on account of the Pledging Members' operations (including, without limitation, the Pledging Members' rights under agreements with insurance companies, Medicare, Medicaid, governmental units and prepaid health organizations, including rights to Medicare and Medicaid loss recapture under applicable regulations) and all rights to receive the foregoing, whether now owned or hereafter acquired by any Pledging Member and regardless of whether generated in the form of accounts, accounts receivable, contract rights, chattel paper, documents, instruments, investment property and all proceeds of the foregoing, whether or not in the form of cash; excluding, however, gifts, grants, bequests, donations, contributions and pledges to any Pledging Member heretofore or hereafter made, and the income and gains derived therefrom.

Pledging Member means each Member of the Senior Obligated Group designated as a Pledging Member in the Related Supplement entered into pursuant to the Senior Master Indenture, but only so long as any such Person shall remain a Senior Obligated Group Member under the terms of the Senior Master Indenture.

Principal Office or **Principal Corporate Trust Office** shall mean, as appropriate, the designated corporate trust office of the Bond Trustee, which as of the date of issuance of the Bonds is located at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479-0069, Attention: Corporate Trust Department.

Property shall mean any and all rights, titles and interests in and to any and all property of any Senior Obligated Group Member or Senior Designated Affiliate, whether real or personal, tangible or intangible and wherever situated.

Property, Plant and Equipment shall mean all Property of any Senior Obligated Group Member or Senior Designated Affiliate which is considered property, plant and equipment of such Senior Obligated Group Member or Senior Designated Affiliate under generally accepted accounting principles.

Purchase Date means the date on which Bonds are to be purchased pursuant to the tender provisions of the Bond Indenture.

Purchased Bonds means the Bonds to be purchased pursuant to the tender provisions of the Bond Indenture.

Qualified Provider shall mean any financial institution or insurance company which is a party to a Financial Products Agreement if the unsecured long-term debt obligations of such financial institution or insurance company (or of the parent or a subsidiary of such financial institution or insurance company if such parent or subsidiary guarantees the performance of such financial institution or insurance company under such Financial Products Agreement), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor parent or subsidiary), (i) in the case of Financial Products Agreements with a term of less than ten years, are rated in one of the three highest rating categories of a national rating agency (without regard to any gradation or such rating category) at the time of the execution and delivery of the Financial Products Agreement and (ii) in the case of Financial Products Agreements with a term of ten years or more, are rated in one of the two highest rating categories of a national rating agency (without regard to any gradation or such rating category) at the time of the execution and delivery of the Financial Products Agreement.

Rating Agency shall mean Fitch, Moody's, S&P, and any other national rating agency then rating Senior Obligations or Related Bonds.

Rating Category shall mean a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Record Date shall mean, (a) with respect to the Bonds other than ARS, (i) with respect to any Interest Payment Date in respect to any Weekly Interest Rate Period, Short-Term Interest Rate Period or Indexed Put Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, and (ii) with respect to

any Interest Payment Date in respect to any Serial Bond Interest Rate Period, the first day of the calendar month in which such Interest Payment Date falls or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Serial Bond Interest Rate Period, that first day and (b) with respect to any Bonds which are ARS, the second Business Day next preceding each ARS Interest Payment Date.

Redemption Price shall mean, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the applicable Bond Indenture.

Reference Banks means five leading swap dealers in the New York City interbank market.

Reference Market-Makers means four leading dealers in the relevant market selected by the Index Rate Agent determining a Market Quotation in good faith (i) from among dealers of the highest credit standing which satisfy all the criteria that the Index Rate Agent applies generally at the time in deciding whether to offer or to make an extension of credit and (ii) to the extent practicable, from among such dealers having an office in the same city.

Related Bonds shall mean the revenue bonds or other obligations issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to a Senior Obligated Group Member or a Senior Designated Affiliate in consideration of the execution, authentication and delivery of a Senior Obligation or Senior Obligations to or for the order of such Government Issuer.

Related Bond Indenture shall mean any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds are issued.

Related Bond Issuer shall mean the Government Issuer of any issue of Related Bonds.

Related Bond Trustee shall mean the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, shall mean the Related Bond Issuer.

Related Supplement shall mean an indenture supplemental to, and authorized and executed pursuant to the terms of, the Senior Master Indenture.

Remarketing Agent means, with respect to any Series of Bonds, any Remarketing Agent or successor or additional Remarketing Agent appointed in accordance with each Bond Indenture with respect to such Series of Bonds. "Principal Office" of the Remarketing Agent means the address for the Remarketing Agent designated in writing to the Bond Trustee and Ascension Health.

Remediation Event means a change in use of property financed or refinanced with the proceeds of the Bonds (or other tax-exempt bonds considered to be a single issue with the Bonds for purposes of federal income taxation) as a consequence of which Ascension Health has determined to redeem or defease a portion of the Bonds as part of a remedial or anticipatory remedial action intended to prevent such change of use from causing proceeds of the Bonds to be used or continued to be used in a "private business use" under Section 141 of the Code.

Representative Amount means an amount that is representative for a single transaction in the relevant market at the relevant time.

Required Payment shall mean any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including the purchase price of Related Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Senior Obligated Group Member under the Senior Master Indenture, any Related Supplement or any Senior Obligation.

Required Stated Amount means with respect to a Liquidity Facility, at any time of calculation, an amount equal to the aggregate principal amount of all Bonds then Outstanding subject to such Liquidity Facility together with interest accruing thereon (assuming an annual rate of interest equal to the Maximum Interest Rate) for the

period specified in a Certificate of the Senior Credit Group Representative to be the minimum period specified by the Rating Agencies then rating such Bonds as necessary to obtain (or maintain) a specified short-term rating of such Bonds.

Reset Date means weekly, every Thursday (or with respect to the BMA Index, any other day specified by The Bond Market Association), or if any Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

Reuters Screen means the display page so designated on the Reuters Money 3000 Service (or such other page as may replace that page on that service for the purpose of displaying rates or prices comparable to USD-ISDA-Swap Rate).

Revenues, when used in connection with a Series of Bonds, shall mean all amounts received by the applicable Issuer or the Bond Trustee for the account of the applicable Issuer pursuant or with respect to the applicable Loan Agreement or the applicable Series 2006 Senior Obligation, including, without limiting the generality of the foregoing, Loan Repayments (including both timely and delinquent payments and any late charges, and whether paid from any source), prepayments, insurance proceeds, condemnation proceeds and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the applicable Bond Indenture, but not including any Administrative Fees and Expenses or any moneys required to be deposited in the Rebate Fund established under such Bond Indenture.

Senior Credit Group shall mean all Senior Obligated Group Members and Senior Designated Affiliates.

Senior Credit Group Representative shall mean Ascension Health or such other Senior Obligated Group Member (or Senior Obligated Group Members acting jointly) as may have been designated pursuant to written notice to the Senior Master Trustee executed by the Corporation.

Senior Designated Affiliate shall mean any Person which has been so designated by the Senior Credit Group Representative so long as such Person has not been further designated by the Senior Credit Group Representative as no longer being a Senior Designated Affiliate.

Senior Limited Designated Affiliate shall mean a Senior Designated Affiliate that has been identified by the Senior Credit Group Representative as a Senior Limited Designated Affiliate pursuant to the Senior Master Indenture.

Senior Obligation shall mean any obligation of the Senior Obligated Group issued pursuant to the Senior Master Indenture, as a joint and several obligation of each Senior Obligated Group Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, obligations, debentures, reimbursement agreements, loan agreements, Financial Products Agreements or leases.

Senior Obligation Payments shall mean payments (however designated) required under any Senior Obligation then Outstanding that does not constitute Indebtedness.

Senior Obligated Group shall mean all Senior Obligated Group Members.

Senior Obligated Group Member shall mean Ascension Health and each other Person which is obligated under the Senior Master Indenture to the extent and in accordance with the provisions of the Senior Master Indenture, from and after the date upon which such Person joins the Senior Obligated Group, but excluding any Person which withdraws from the Senior Obligated Group to the extent and in accordance with the provisions of the Senior Master Indenture, from and after the date of such withdrawal.

Serial Bond Interest Rate means an interest rate on such Bonds established in accordance with the Bond Indenture.

Serial Bond Interest Rate Period means each period during which such a Serial Bond Interest Rate is in effect for the Bonds.

Series 2006 Senior Obligations shall mean the Senior Obligations issued on the date of issuance of the Bonds and each securing a separate Series of the Bonds.

Short-Term Interest Rate Period means each period with respect to a Series of the Bonds, comprised of Bond Interest Terms, during which Bond Interest Term Rates are in effect.

Sinking Fund Installment shall mean the amount required by the applicable Bond Indenture to be paid by the applicable Issuer on any single date for the retirement of Bonds, as described in the forepart of this Limited Offering Memorandum under the caption "THE SERIES 2006 BONDS – Redemption – Mandatory Redemption."

Sinking Fund Installment Date means each date for payment of a Sinking Fund Installment, as described in the forepart of this Limited Offering Memorandum under the caption "THE SERIES 2006 BONDS – Redemption – Mandatory Redemption;" provided, that if any such Bond is in a Weekly Interest Rate Period, a Short-Term Interest Rate Period or a Serial Bond Interest Rate Period, and any such November 15 is not a Business Day, the applicable Sinking Fund Installment Date shall be the next succeeding Business Day; and provided further, that if any such Bond is in an ARS Interest Rate Period and any such November 15 is not an ARS Interest Payment Date, the applicable Sinking Fund Installment Date shall be the next preceding ARS Interest Payment Date provided, however, if the ARS are in a Special Auction Period, they shall be redeemed prior to the end of the Special Auction Period pursuant to the applicable mandatory sinking fund redemption schedule.

Special Redemption Account shall mean means the account by that name in the Redemption Fund.

Substitution Date means any date on which either (i) an Alternate Liquidity Facility is provided to the Tender Agent or (ii) a Liquidity Facility is delivered to the Tender Agent at the option of the Borrower pursuant to the applicable Loan Agreement.

Supplemental Bond Indenture shall mean any indenture hereafter duly authorized and entered into between the applicable Issuer and the Bond Trustee, supplementing, modifying or amending the applicable Bond Indenture; but only if and to the extent that such Supplemental Bond Indenture is specifically authorized under the applicable Bond Indenture.

S&P shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Senior Credit Group Representative by notice in writing to the applicable Issuer and the Bond Trustee.

Telerate means the display page so designated on Bridge's Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to that Floating Rate Option).

Tender Agent means Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States, or its successor, as Tender Agent as provided in the Bond Indenture.

Tender Date means (i) the date on which Bonds or any Series of Bonds are required to be purchased pursuant to the applicable Bond Indenture, (ii) the Initial Indexed Put Date and the Annual Indexed Put Date as set forth in the applicable Bond Indenture, and (iii) any Extraordinary Tender Date.

Tender Price means the principal amount of any Purchased Bond plus accrued interest to, but not including, the Purchase Date; provided, however, that (1) if the Purchase Date for any Purchased Bond is an Interest

Payment Date, the Tender Price thereof shall be the principal amount thereof, and interest on such Bond shall be paid to the Holder of such Bond pursuant to the Bond Indenture and (2) in the case of a purchase on the first day of an Interest Rate Period which is preceded by a Serial Bond Interest Rate Period and which commences prior to the day originally established as the last day of such preceding Serial Bond Interest Rate Period, "Tender Price" of any Purchased Bonds means the optional redemption price set forth in the optional redemption provisions of the Bond Indenture which would have been applicable to such Bond if the preceding Serial Bond Interest Rate Period had continued to the day originally established as its last day, plus accrued interest, if any.

Tax Agreement shall mean the Tax Certificate and Agreement delivered by the applicable Issuer and Ascension Health at the time of issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with its terms.

United States Government Obligations shall mean (i) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal and interest on which are fully guaranteed by the United States of America, and, (ii) to the extent hereafter permitted by the applicable Act, as applicable (a) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clause (i) provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian or (b) municipal obligations the timely payment of the principal of and interest on which is fully provided for by the deposit in trust or escrow of cash or obligations described in clauses (i) or (ii).

U.S. Government Securities Business Days means any day except for a Saturday, Sunday or a day on which The Bond Market Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

USD-CMS-Reference Banks means that the rate for a Reset Date will be a percentage determined on the basis of the mid-market semi-annual swap rate quotations provided by the Reference Banks at approximately 11:00 a.m., New York City time, on the day that is two U.S. Government Securities Business Days preceding that Reset Date, and, for this purpose, the semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. Dollar interest rate swap transaction with a term equal to ten years commencing on that Reset Date and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA with a designated maturity of three months. The Current Rate Calculation Agent will request the principal New York City office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that Reset Date will be arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

USD-ISDA-Swap Rate means, for any day, a per annum rate, expressed as a decimal, equal to (a) if such day is a Reset Date, (i) the rate for U.S. Dollar swaps with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Reuters Screen ISDAFIX1 Page as of 11:00 a.m., New York City time, on the day that is two U.S. Government Securities Business Days preceding that Reset Date, or (ii) if such rate does not appear on the Reuters Screen ISDAFIX1 Page, the rate for such day will be USD-CMS-Reference Banks; and (b) if such day is not a Reset Date, the rate for such day shall be the rate determined pursuant to the preceding clause (a) of this definition for the next preceding Reset Date.

Value, when used with respect to Property, shall mean the aggregate value of all such Property, with each component of such Property valued, at the option of the Senior Credit Group Representative, at either its Fair Market Value or its Book Value.

Weekly Interest Rate means a variable interest rate borne by a Series of Bonds and established in accordance with each Bond Indenture.

Weekly Interest Rate Period means each period with respect to a Series of Bonds during which a Weekly Interest Rate is in effect.

SENIOR MASTER INDENTURE

The Senior Master Indenture authorizes the issuance of Senior Obligations by the Senior Obligated Group, which may be unsecured general obligations or, to the extent permitted by the Senior Master Indenture, secured by a claim on Property. A Senior Obligation is stated in the Senior Master Indenture to be a joint and several obligation of the Corporation and each other Senior Obligated Group Member. The following are summaries of certain provisions of the Senior Master Indenture. Other provisions are summarized in this Limited Offering Memorandum under the caption "SECURITY FOR THE SERIES 2006 BONDS." This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Senior Master Indenture.

Authorization, Issuance and Form of Senior Obligations

Each Senior Obligated Group Member authorizes to be issued from time to time Senior Obligations or Series of Senior Obligations, without limitation as to amount, except as provided in the Senior Master Indenture or as may be limited by law, and subject to the terms, conditions and limitations established in the Senior Master Indenture and in any Related Supplement. Each Related Supplement authorizing the issuance of a Senior Obligation or a Series of Senior Obligations shall specify and determine the principal amount of such Senior Obligation or Series of Senior Obligations (which, if such Senior Obligation or Series of Senior Obligations does not evidence or secure Indebtedness, shall be equal to the aggregate amount payable by the Senior Credit Group pursuant to such Senior Obligation or Series of Senior Obligations); the purposes for which such Senior Obligation or Series of Senior Obligations are being issued; the form, title, designation, manner of numbering or denominations, if applicable, of such Senior Obligations; the date or dates of maturity or other final expiration of the term of such Senior Obligations; the date of issuance of such Senior Obligations; and any other provisions deemed advisable or necessary by the Senior Credit Group Representative.

The issuance, authentication and delivery of any Senior Obligation or Series of Senior Obligations shall be subject to the following specific conditions:

(a) The Senior Credit Group Representative and the Senior Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Senior Obligations and the repayment thereof;

and

(b) The Senior Master Trustee receives an Officer's Certificate to the effect that:

(1) each Senior Obligated Group Member is in full compliance with all warranties, covenants and agreements set forth in the Senior Master Indenture and in any Related Supplement;

and

(2) neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred or would occur upon issuance of such Senior Obligations and is continuing under the Senior Master Indenture or any Related Supplement;

and

(3) all requirements and conditions, if any, to the issuance of such Senior Obligations set forth in the Related Supplement have been satisfied;

and

(c) The Senior Master Trustee receives an Opinion of Counsel in form and substance satisfactory to the Senior Master Trustee to the effect that:

(1) such Senior Obligations and Related Supplement have been duly authorized, executed and delivered by the Senior Credit Group Representative on behalf of the Senior Obligated Group and constitute valid and binding obligations of the Senior Obligated Group, enforceable in accordance with their terms;

and

(2) such Senior Obligations are not subject to registration under federal or state securities laws and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that such registration, if required has occurred);

and

(d) the Senior Credit Group Representative shall have delivered or caused to be delivered to the Senior Master Trustee such opinions, certificates, proceedings, instruments and other documents as the Senior Master Trustee may reasonably request.

Covenants of Each Senior Obligated Group Member

Payment of Required Payments. Each Senior Obligated Group Member jointly and severally agrees to pay or cause to be paid promptly all Required Payments at the place, on the dates and in the manner provided in the Senior Master Indenture or in any Related Supplement or Senior Obligation, and faithfully to observe and perform all of the conditions, covenants and requirements of the Senior Master Indenture, any Related Supplement and any Senior Obligation. The obligation of each Senior Obligated Group Member with respect to Required Payments, and the pledge assignment and grant of the security interest in Collateral of each Pledging Member pursuant to the Senior Master Indenture, and the obligations of each Senior Obligated Group Member pursuant to the provisions of the Senior Master Indenture regarding Contractual Subordination shall not be abrogated, prejudiced or affected by:

(a) the granting of any extension, waiver or other concession given to any Senior Obligated Group Member by the Senior Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Senior Master Trustee or any Holder or anything done or omitted or neglected to be done by the Senior Master Trustee or any Holder in exercise of the authority, power and discretion vested in them by the Senior Master Indenture, or by any other dealing or thing which, but for this provision, might operate to abrogate, prejudice or affect such obligation; or

(b) the liability of any other Senior Obligated Group Member under the Senior Master Indenture ceasing for any cause whatsoever, including the release of any other Senior Obligated Group Member pursuant to the provisions of the Senior Master Indenture or any Related Supplement from membership in the Senior Obligated Group;

(c) the release of the Collateral (or any portion thereof) of any other Pledging Member or the release, subordination or extinguishment of any security interest therein for any cause whatsoever; or

(d) any Senior Obligated Group Member's failing to become liable as, or losing eligibility to become, a Senior Obligated Group Member of the Senior Obligated Group with respect to a Senior Obligation.

Subject to the provisions of the Senior Master Indenture permitting withdrawal from the Senior Obligated Group, the obligation of each Senior Obligated Group Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid in full in accordance with the Senior Master Indenture. All moneys from time to time received by the Senior Credit Group Representative or the Senior Master Trustee to reduce liability on Senior Obligations, whether from or on account of the Senior Obligated Group Members or

otherwise, shall be regarded as payments in gross without any right on the part of any one or more of the Senior Obligated Group Members to claim the benefit of any moneys so received until the whole of the amounts owing on Senior Obligations has been paid or satisfied and so that in the event of any such Senior Obligated Group Member's filing bankruptcy, the Senior Credit Group Representative or the Senior Master Trustee shall be entitled to prove up the total indebtedness or other liability on Senior Obligations Outstanding as to which the liability of such Senior Obligated Group Member has become fixed.

Each Senior Obligation shall be a primary obligation and shall not be treated as ancillary to or collateral with any other obligation and shall be independent of any other security so that the covenants and agreements of each Senior Obligated Group Member under the Senior Master Indenture shall be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Senior Credit Group Representative and the Senior Master Trustee are each empowered to enforce each covenant and agreement of each Senior Obligated Group Member under the Senior Master Indenture and to enforce the making of Required Payments. Each Senior Obligated Group Member authorizes each of the Senior Credit Group Representative and the Senior Master Trustee to enforce or refrain from enforcing any covenant or agreement of the Senior Obligated Group Members under the Senior Master Indenture and to make any arrangement or compromise with any particular Senior Obligated Group Member or Senior Obligated Group Members as the Senior Credit Group Representative or the Senior Master Trustee may deem appropriate, consistent with the Senior Master Indenture and any Related Supplement. Each Senior Obligated Group Member waives in favor of the Senior Credit Group Representative and the Senior Master Trustee all rights against the Senior Credit Group Representative, the Senior Master Trustee and any other Senior Obligated Group Member, insofar as is necessary to give effect to any of the provisions of the Senior Master Indenture.

Transfers from Senior Designated Affiliates. Each Controlling Member agrees that it shall cause each of its Senior Designated Affiliates to pay, loan or otherwise transfer to the Senior Credit Group Representative such amounts as are necessary to enable the Senior Obligated Group Members to comply with the provisions of the Senior Master Indenture including without limitation the provisions of the Senior Master Indenture described above under "Payment of Required Payments." Each Controlling Member covenants and agrees that it will not permit any of its Senior Designated Affiliates to limit the ability of such Senior Designated Affiliate to make such payments, loans or transfers to such Controlling Member.

Designation of Senior Designated Affiliates. (a) The Senior Credit Group Representative by resolution of its Governing Body may from time to time designate Persons as Senior Designated Affiliates. In connection with such designation, the Senior Credit Group Representative shall designate for each Senior Designated Affiliate a Senior Obligated Group Member to serve as the Controlling Member for such Senior Designated Affiliate. The Corporation shall be the initial Controlling Member for each of the Initial Senior Designated Affiliates. The Senior Credit Group Representative shall at all times maintain an accurate and complete list of all Persons designated as Senior Designated Affiliates (and of the Controlling Members for such Senior Designated Affiliates) and file such list with the Senior Master Trustee and any Related Bond Issuer that shall request such list in writing annually on or before July 1 of each year.

(b) At the time of designation of a Senior Designated Affiliate, the Senior Credit Group Representative may additionally designate such Senior Designated Affiliate as a Senior Limited Designated Affiliate, or may from time to time by resolution of its governing body redesignate a Senior Designated Affiliate as a Senior Limited Designated Affiliate. A Senior Limited Designated Affiliate's liability to transfer moneys or other assets to the Senior Obligated Group shall be limited to such amount as shall be specified in an Officer's Certificate delivered to the Senior Master Trustee upon the designation of such Senior Designated Affiliate as a Senior Limited Designated Affiliate. The Senior Credit Group Representative shall give each Rating Agency then rating (and each bond insurer then insuring) any Senior Obligations or Related Bonds thirty (30) days prior notice of any Senior Designated Affiliate being redesignated as a Senior Limited Designated Affiliate. The Senior Credit Group Representative by resolution of its Governing Body may from time to time redesignate a Senior Limited Designated Affiliate as a Senior Designated Affiliate.

(c) Each Controlling Member shall cause each of its Senior Designated Affiliates to provide to the Senior Credit Group Representative a resolution of its Governing Body accepting such Person's designation as a Senior Designated Affiliate and acknowledging the provisions of the Senior Master Indenture which affect the Senior

Designated Affiliates. So long as such Person is designated as a Senior Designated Affiliate, the Controlling Member of such Senior Designated Affiliate shall either (i) maintain, directly or indirectly, control of such Senior Designated Affiliate to the extent necessary to cause such Senior Designated Affiliate to comply with the terms of the Senior Master Indenture, whether through the ownership of voting securities, by contract, corporate membership, reserved powers or the power to appoint corporate members, trustees or directors, or otherwise or (ii) execute and have in effect such contracts or other agreements which the Senior Credit Group Representative and the Controlling Member, in the judgment of their respective Governing Bodies, deem sufficient for the Controlling Member to cause such Senior Designated Affiliate to comply with the terms of the Senior Master Indenture.

(d) Each Controlling Member agrees that it will cause each of its Senior Designated Affiliates to comply with any and all directives of the Controlling Member given pursuant to the provisions of the Senior Master Indenture.

(e) Any Person may cease to be a Senior Designated Affiliate (and thus not subject to the terms of the Senior Master Indenture) provided that prior to such Person ceasing to be a Senior Designated Affiliate the Senior Master Trustee receives:

(1) a resolution of the Governing Body of the Senior Credit Group Representative declaring such Person no longer a Senior Designated Affiliate; and

(2) an Officer's Certificate to the effect that immediately following such Person ceasing to be a Senior Designated Affiliate the Senior Obligated Group Members would not be in default in the performance or observance of any term of the Senior Master Indenture, including, without limitation, the provisions of the Senior Master Indenture relating to Permitted Liens.

Maintenance of Properties, Etc. Each Senior Obligated Group Member agrees to, and each Controlling Member agrees to cause each of its Senior Designated Affiliates to:

(a) maintain its Property, Plant and Equipment in accordance with all valid and applicable governmental laws, ordinances, approvals and regulations including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon it; provided, however, that no Senior Obligated Group Member or Senior Designated Affiliate shall be required to comply with any law, ordinance, approval or regulation as long as it shall in good faith contest the validity thereof;

(b) maintain and operate its Property, Plant and Equipment in reasonably good working condition, and from time to time make or cause to be made all needful and proper replacements, repairs and improvements so that the operations of such Senior Obligated Group Member or Senior Designated Affiliate will not be materially impaired;

(c) pay and discharge all applicable taxes, assessments, governmental charges of any kind whatsoever, water rates, meter charges and other utility charges which may be or have been assessed or which may have become Liens upon the Property, Plant and Equipment, and will make such payments or cause such payments to be made in due time to prevent any delinquency thereon or any forfeiture or sale of any part of the Property, Plant and Equipment, and, upon request, will furnish to the Senior Master Trustee receipts for all such payments, or other evidences satisfactory to the Senior Master Trustee; provided, however, that no Senior Obligated Group Member or Senior Designated Affiliate shall be required to pay any tax, assessment, rate or charge as long as it shall in good faith contest the validity thereof, and as long as it shall have set aside reserves with respect thereto that, in the opinion of the Governing Body of the Senior Credit Group Representative, are adequate;

(d) pay or otherwise satisfy and discharge all of its obligations and Indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Senior Obligations issued and Outstanding under the Senior Master Indenture) the validity, amount or collectibility of which is being contested in good faith;

(e) all times comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness noncompliance with which would have a material adverse effect on the operations of the Senior Obligated Group or its Property; and

(f) use its best efforts (as long as it is in its best interests and will not materially adversely affect the interests of the Holders) to maintain all permits, licenses and other governmental approvals necessary for the operation of its Property.

Nothing in the Senior Master Indenture shall be construed to require a Senior Obligated Group Member or Senior Designated Affiliate to maintain any permit, license or other governmental approval, or to continue to operate or maintain any Property, Plant or Equipment, if, in the reasonable good faith judgment of the Senior Obligated Group Member or Senior Designated Affiliate, such permit, license, governmental approval or Property, Plant or Equipment is, or within the next succeeding 24 calendar months is reasonably expected to become, inadequate, obsolete, unsuitable, undesirable or unnecessary for the business of the Senior Obligated Group and failure to maintain or operate such permit, license, governmental approval, Property, Plant or Equipment will not materially adversely impair the operation of the Senior Obligated Group and the Senior Designated Affiliates.

Against Encumbrances. Each Senior Obligated Group Member agrees that it will not, and each Controlling Member agrees that it will not permit any of its Senior Designated Affiliates to, create, assume or suffer to exist any Lien upon the Property of the Senior Obligated Group to secure Indebtedness, except for Permitted Encumbrances. Each Senior Obligated Group Member further covenants that if such a Lien is created or assumed by any Senior Obligated Group Member or Senior Designated Affiliate, it will make or cause to be made effective a provision whereby all Senior Obligations will be secured prior to any Indebtedness secured by such Lien.

Debt Coverage. Within one hundred eighty (180) days after the end of each Fiscal Year the Senior Credit Group Representative shall compute the Annual Required Debt Service Coverage Ratio for the Senior Credit Group for such Fiscal Year and furnish to the Senior Master Trustee and any Related Bond Issuer that shall request the same in writing an Officer's Certificate setting forth the results of such computation. The Senior Credit Group Representative covenants that if at the end of such Fiscal Year the Annual Required Debt Service Coverage Ratio shall have been less than 1.10:1.0, it will promptly employ an Independent Consultant to make recommendations as to a revision of the rates, fees and charges of the Senior Credit Group or the methods of operation of the Senior Credit Group to increase the Annual Debt Service Coverage Ratio to at least 1.10:1.0 for subsequent Fiscal Years (or, if in the opinion of the Independent Consultant, the attainment of such level is impracticable, to the highest practicable level). Copies of the recommendations of the Independent Consultant shall be filed with the Senior Master Trustee and any Related Bond Issuer that shall request the same in writing. Each Senior Obligated Group Member shall, and each Controlling Member shall cause each of its Senior Designated Affiliates to, promptly upon its receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, revise its rates, fees and charges or its methods of operation or collections and shall take such other action as shall be in conformity with such recommendations.

If the Senior Credit Group complies in all material respects with the reasonable recommendations of the Independent Consultant with respect to their rates, fees, charges and methods of operation or collection, the Senior Credit Group will be deemed to have complied with the covenants set forth in this Section for such Fiscal Year, notwithstanding that the Annual Required Debt Service Coverage Ratio shall be less than 1.10:1.0; provided, however, that an Event of Default shall exist if the Annual Required Debt Service Coverage Ratio is less than 1.0:1.0 for any Fiscal Year. Nevertheless, neither the Senior Obligated Group Members nor the Senior Designated Affiliates shall be excused from taking any action or performing any duty required under the Senior Master Indenture and no other Event of Default shall be waived by the operation of the provisions of this paragraph and the preceding paragraph.

Notwithstanding the foregoing, the Senior Obligated Group Members and the Senior Designated Affiliates may permit the rendering of services or the use of their Property without charge or at reduced charges, at the discretion of the Governing Body of such Senior Obligated Group Member or Senior Designated Affiliate, to the extent necessary for maintaining its tax-exempt status and its eligibility for grants, loans, subsidies or payments from governmental entities, or in compliance with any recommendation for free services that may be made by an Independent Consultant.

Merger, Consolidation, Sale or Conveyance. Each Senior Obligated Group Member agrees that it will not, and each Controlling Member agrees that it will not permit its Senior Designated Affiliates to, merge or consolidate with any other Person that is not a Senior Obligated Group Member or a Senior Designated Affiliate or sell or convey all or substantially all of its assets to any Person that is not a Senior Obligated Group Member or a Senior Designated Affiliate unless:

(a) After giving effect to the merger, consolidation, sale or conveyance,

(1) the successor or surviving corporation (hereinafter, the "Surviving Corporation") is a Senior Obligated Group Member,

or

(2) the Surviving Corporation shall

(A) be a corporation organized and existing under the laws of the United States of America or any State thereof

and

(B) become a Senior Obligated Group Member and expressly assume in writing the due and punctual payment of all Required Payments of the disappearing Senior Obligated Group Member under the Senior Master Indenture;

and

(b) The Senior Master Trustee receives an Officer's Certificate to the effect that no Senior Obligated Group Member, immediately after the date of the proposed merger, consolidation, sale or conveyance, would be in default in the performance or observance of any covenant or condition of the Senior Master Indenture or any Senior Obligation issued under the Senior Master Indenture;

and

(c) The Senior Master Trustee receives an Officer's Certificate to the effect that, for the last full Fiscal Year immediately preceding the proposed merger, consolidation, sale or conveyance, the Annual Debt Service Coverage Ratio, calculated as if the merger, consolidation, sale or conveyance had occurred as of the first day of such Fiscal Year, would have been at least equal to 1.10:1.0;

and

(d) So long as any Related Bonds are Outstanding, the Senior Master Trustee receives an Opinion of Bond Counsel, in form and substance satisfactory to the Senior Master Trustee, to the effect that, under then existing law, the consummation of such merger, consolidation, sale or conveyance, in and of itself, would not result in the inclusion of interest on such Related Bonds in gross income for purposes of federal income taxation;

and

(e) The Senior Master Trustee receives an Opinion of Counsel, in form and substance satisfactory to the Senior Master Trustee, to the effect that (i) all conditions in the Senior Master Indenture relating to such merger, consolidation, sale or conveyance have been complied with and it is proper for the Senior Master Trustee to join in the execution of any instrument required to be executed and delivered; (ii) the Surviving Corporation meets the conditions set forth described above and is liable on all Senior Obligations then Outstanding; and (iii) such merger, consolidation, sale or conveyance will not cause the Senior Master Indenture or any Senior Obligations to be subject to registration under federal or

state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred);

and

(f) The Surviving Corporation shall be substituted for its predecessor in interest in all Senior Obligations and agreements then in effect which affect or relate to any Senior Obligation, and the Surviving Corporation shall execute and deliver to the Senior Master Trustee appropriate documents in order to effect the substitution.

From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Corporation shall be treated as though it were a Senior Obligated Group Member as of the date of the execution of the Senior Master Indenture and shall thereafter have the right to participate in transactions under the Senior Master Indenture relating to Senior Obligations to the same extent as the other Senior Obligated Group Members.

Except as may be expressly provided in any Related Supplement, the ability of any Senior Obligated Group Member to merge or consolidate with any Person that is a Senior Obligated Group Member after such merger or consolidation or to sell or convey all or substantially all of its assets to any Person that is a Senior Obligated Group Member after such sale or conveyance is not limited by the provisions of the Senior Master Indenture. Except as may be expressly provided in any Related Supplement, the ability of any Senior Designated Affiliate to merge or consolidate with any Person or to sell or convey all or substantially all of its assets to any Person is not limited by the provisions of the Senior Master Indenture.

Membership in Senior Obligated Group. Additional Senior Obligated Group Members may be added to the Senior Obligated Group from time to time, provided that prior to such addition the Senior Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Senior Obligated Group Member which authorizes the execution and delivery of a Related Supplement and compliance with the terms of the Senior Master Indenture;

and

(b) a Related Supplement executed by the Corporation, the new Senior Obligated Group Member and the Senior Master Trustee pursuant to which the proposed new Senior Obligated Group Member

(1) agrees to become a Senior Obligated Group Member,

and

(2) agrees to be bound by the terms of the Senior Master Indenture, the Related Supplements and the Senior Obligations,

and

(3) irrevocably appoints the Senior Credit Group Representative as its agent and attorney-in-fact and grants to the Senior Credit Group Representative full power to execute Related Supplements authorizing the issuance of Senior Obligations or Series of Senior Obligations and to execute and deliver Senior Obligations;

and

(4) if such proposed Senior Obligated Group Member owns or operates one or more licensed hospitals or skilled nursing facilities, is designated as a "Pledging Member" for purposes of the Supplemental Master Indenture, dated as of February 1, 2005, between the Senior Master Trustee and the Senior Credit Group Representative;

and

(c) an Opinion of Counsel in form and substance satisfactory to the Senior Master Trustee to the effect that (i) the proposed new Senior Obligated Group Member has taken all necessary action to become a Senior Obligated Group Member, and upon execution of the Related Supplement, such proposed new Senior Obligated Group Member will be bound by the terms of the Senior Master Indenture and (ii) the addition of such Senior Obligated Group Member will not cause the Senior Master Indenture or any Senior Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred);

and

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Senior Obligated Group Member, no Senior Obligated Group Member would be in default in the performance or observance of any term of the Senior Master Indenture;

and

(e) an Officer's Certificate to the effect that, for the last full Fiscal Year immediately preceding the addition of the proposed new Senior Obligated Group Member, the Annual Debt Service Coverage Ratio, calculated as if the proposed new Senior Obligated Group Member had become a Senior Obligated Group Member as of the first day of such Fiscal Year, would have been at least equal to 1.10:1.0;

and

(f) so long as any Related Bonds are Outstanding, an Opinion of Bond Counsel in form and substance satisfactory to the Senior Master Trustee, to the effect that (1) the addition of the proposed new Senior Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Bonds in gross income for purposes of federal income taxation; and (2) will not cause the Senior Master Indenture or any Senior Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred).

and

(g) if such proposed Senior Obligated Group Member is designated as a Pledging Member, a security agreement or other instrument as may be necessary in order to give effect to the pledge, grant and assignment of the Collateral set forth in the Senior Master Indenture, or any portion thereof;

and

(h) if such proposed Senior Obligated Group Member is designated as a Pledging Member, such other documents (including, but not limited to, Uniform Commercial Code financing statements) as may be necessary in order to perfect the perfection of such security interest;

and

(i) an Officer's Certificate to the effect that such proposed Senior Obligated Group Member is or will become a member of the Subordinate Obligated Group simultaneously with becoming a Senior Obligated Group Member.

The Senior Credit Group Representative shall not permit any Person to become a member of the Subordinate Obligated Group without requiring such Person to become simultaneously a Senior Obligated Group Member in accordance with the procedures set forth in the Senior Master Indenture.

Withdrawal from Senior Obligated Group. Any Senior Obligated Group Member may withdraw from the Senior Obligated Group and be released from further liability or obligation under the provisions of the Senior Master Indenture, and any Senior Obligated Group Member may be redesignated as a Senior Designated Affiliate, provided that prior to such withdrawal the Senior Master Trustee receives:

(a) an Officer's Certificate to the effect that the Senior Credit Group Representative has approved the withdrawal of such Senior Obligated Group Member (and, if applicable, redesignation of such Senior Obligated Group Member as a Senior Designated Affiliate);

and

(b) an Officer's Certificate to the effect that immediately following the withdrawal of such Senior Obligated Group Member, no remaining Senior Obligated Group Member would be in default in the performance or observance of any term of the Senior Master Indenture;

and

(c) an Officer's Certificate to the effect that such Senior Obligated Group Member has withdrawn or will withdraw as a member of the Subordinate Obligated Group simultaneously with its withdrawal from the Senior Obligated Group;

and

(d) an Officer's Certificate to the effect that for the last full Fiscal Year immediately preceding the withdrawal of such Senior Obligated Group Member, the Annual Debt Service Coverage Ratio, calculated as if such Senior Obligated Group Member had withdrawn from the Senior Obligated Group as of the first day of such Fiscal Year and calculated as if the remaining Senior Obligated Group Members were the only members of the Senior Credit Group, would have been at least equal to 1.10:1.0.

Upon compliance with the conditions described above, the Senior Master Trustee shall execute any documents reasonably requested by the withdrawing Senior Obligated Group Member to evidence the termination of such Senior Obligated Group Member's obligations under the Senior Master Indenture, under all Related Supplements, under all security instruments executed, delivered or filed pursuant to the Senior Master Indenture and under all Senior Obligations.

Preparation and Filing of Financial Statements, Reports and Other Information. (a) Each Senior Obligated Group Member covenants that it will keep, and each Controlling Member agrees that it will cause the Senior Designated Affiliates to keep, adequate records and books of accounts in which complete and correct entries shall be made (said books shall be subject to the inspection of the Senior Master Trustee during regular business hours after reasonable notice).

(b) The Senior Credit Group Representative covenants that it will furnish to the Senior Master Trustee and any Related Bond Issuer that shall request the same in writing:

(1) As soon as practicable, but in no event more than six months after the last day of each Fiscal Year, one or more financial statements which, in the aggregate, shall include the Material Senior Credit Group Members. Such financial statements:

(a) may consist of financial statements reporting the financial results of Persons for disparate fiscal years;

(b) may consist of (i) consolidated or combined financial results including one or more members of the Senior Credit Group and one or more other Persons required to be

consolidated or combined with such member(s) of the Senior Credit Group under generally accepted accounting principles or (ii) special purpose financial statements including only members of the Senior Credit Group;

(c) shall be audited by a firm of nationally recognized independent certified public accountants approved by the Senior Credit Group Representative as having been prepared in accordance with generally accepted accounting principles (except, in the case of special purpose financial statements, for required consolidations);

(d) shall include a combined balance sheet, statement of operations and changes in net assets;

(e) if more than one financial statement is delivered to the Senior Master Trustee pursuant to this clause (1), each such financial statement shall contain, as "other financial information," a combining or consolidating schedule from which financial information solely relating to the members of the Senior Credit Group may be derived.

(2) Unless a single financial statement (including a single special purpose financial statement) is delivered pursuant to clause (1) above for the entire Senior Credit Group, as soon as practicable, but in no event more than six months after the last day of each Fiscal Year, an unaudited balance sheet, statement of operations and changes in net assets for such Fiscal Year for the Senior Credit Group (such balance sheet, statement of operations and changes in net assets being referred to in the Senior Master Indenture as the "Senior Credit Group Financial Statements"), prepared by the Senior Credit Group Representative based on (a) for all Material Senior Credit Group Members which have the same fiscal year as the Fiscal Year of the Senior Credit Group, the accompanying unaudited combining or consolidating schedules delivered with the audited financial statements described in clause (1) above and (b) for all other Senior Credit Group Members, unaudited financial statements for such Fiscal Year (including, at the option of the Senior Credit Group Representative, Senior Credit Group Members that are not Material Senior Credit Group Members, whether or not financial statements were delivered to the Senior Master Trustee for such Senior Credit Group Members pursuant to clause (1) above).

(3) At the time of the delivery of the Senior Credit Group Financial Statements, a certificate of the chief financial officer of the Senior Credit Group Representative stating that (i) the Senior Credit Group Financial Statements were prepared in accordance with generally accepted accounting principles (except for the inclusion of Senior Credit Group Members that are not permitted to be consolidated in accordance with generally accepted accounting principles and the exclusion of entities that are not Senior Credit Group Members that are required to be consolidated in accordance with generally accepted accounting principles), (ii), subject to clause (5) below, the Senior Credit Group Financial Statements reflect the results of the operations of only Senior Credit Group Members, (iii) the Senior Credit Group Financial Statements reflect the results of the operations of the Material Senior Credit Group Members, and (iv) the combined net assets of the Material Senior Credit Group Members for which financial statements have been delivered to the Senior Master Trustee pursuant to clause (1) above and that are included in the Senior Credit Group Financial Statements are equal to or greater than 90% of the combined or consolidated net assets of the Senior Credit Group for the most recently completed Fiscal Year of the Senior Credit Group.

(4) At the time of the delivery of the Senior Credit Group Financial Statements, a certificate of the chief financial officer of the Senior Credit Group Representative, stating that the Senior Credit Group Representative has made a review of the activities of the Material Senior Credit Group Members during the preceding Fiscal Year for the purpose of determining whether or not the Material Senior Credit Group Members have complied with all of the terms, provisions and conditions of the Senior Master Indenture and that each Material Senior Credit Group Member has kept, observed, performed and fulfilled each and every covenant, provision and condition of the Senior Master Indenture on its part to be performed and none of such Material Senior Credit Group Members is in default in the performance or observance of any of the terms, covenants, provisions or conditions, or if any Material Senior Credit Group Member shall be in default such certificate shall specify all such defaults and the nature thereof.

(5) Notwithstanding the foregoing, the results of operation and financial position of Immaterial Affiliates need not be excluded from financial statements delivered to the Senior Master Trustee pursuant to this section, and such results of operation and financial position may be considered as if they were a portion of the results of operation and financial position of the Material Senior Credit Group Members for all purposes of the Senior Master Indenture notwithstanding the inclusion of the results of operation and financial position of such Immaterial Affiliates.

Pledge of Pledged Revenues

To secure the payment of Required Payments and the performance by the Pledging Members of their other obligations under the Senior Master Indenture, each Pledging Member pledges and assigns to the Senior Master Trustee, and grants to the Senior Master Trustee a security interest in, all of its right, title, and interest, whether now owned or hereafter acquired, in and to (i) the Pledged Revenues of that Pledging Member, and (ii) the proceeds thereof (collectively, the "Collateral"), subject to Permitted Liens.

Each Pledging Member shall execute and deliver a security agreement or other instrument as may be necessary in order to give effect to the aforesaid pledge, grant and assignment of the Collateral or any portion thereof; shall cause to be filed Uniform Commercial Code financing statements; and shall execute, deliver and cause to be filed, as appropriate, such other documents (including, but not limited to, continuation statements and amendments to such Uniform Commercial Code financing statements) as may be necessary in order to perfect or maintain the perfection of such security interest. Each Pledging Member irrevocably authorizes the Senior Master Trustee to execute and file any financing statements and amendments thereto as may be required to perfect or to continue the perfection of the security interest in the Collateral, including, without limitation, financing statements that describe the collateral as being of an equal, greater or lesser scope, or with greater or lesser detail, than as set forth in the definition of Collateral.

Default

Events of Default. Each of the following events shall be an Event of Default under the Senior Master Indenture:

(a) Failure on the part of the Senior Obligated Group to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Senior Obligation.

(b) Any Senior Obligated Group Member shall fail to observe or perform any other covenant or agreement under the Senior Master Indenture (including covenants or agreements contained in any Related Supplement or Senior Obligation) for a period of thirty (30) days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Senior Credit Group Representative by the Senior Master Trustee or to the Senior Credit Group Representative and the Senior Master Trustee by the Holders of twenty-five percent (25%) in aggregate principal amount of Outstanding Senior Obligations (provided that if such failure can be remedied but not within such thirty (30) day period, such failure shall not become an Event of Default for so long as the Senior Credit Group Representative shall diligently proceed to remedy the failure in accordance with and subject to any directions or limitations of time established by the Senior Master Trustee).

(c) Any Senior Obligated Group Member shall default in the payment of Indebtedness (other than Indebtedness secured by a Senior Obligation, which shall be governed by subparagraph (a) above) in an aggregate outstanding principal amount equal to the greater of one million dollars ($1,000,000) or one percent (1%) of the aggregate principal amount of all Long-Term Indebtedness of the Senior Credit Group then Outstanding, and any grace period for such payment shall have expired, or an event of default as defined in any mortgage, indenture or instrument under which any Indebtedness is secured or evidenced, shall occur; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if, within thirty (30) days or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, (1) any Senior Obligated Group Member in good faith commences proceedings to

contest the existence or payment of such Indebtedness, and (2) sufficient moneys are deposited in escrow with a bank or trust company or a bond acceptable to the Senior Master Trustee is posted for the payment of such Indebtedness.

(d) A court having jurisdiction shall enter a decree or order for relief in respect of any Senior Obligated Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Senior Obligated Group Member or for any substantial part of the Property of any Senior Obligated Group Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days.

(e) Any Senior Obligated Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Senior Obligated Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

(f) An event of default shall exist under any Related Bond Indenture.

(g) An event of default shall exist under any agreement with the insurer of any Related Bonds or Senior Obligations.

The Senior Credit Group Representative agrees that, as soon as practicable, and in any event within ten (10) days after such event, the Senior Credit Group Representative shall notify the Senior Master Trustee of any event which is an Event of Default which has occurred and is continuing, which notice shall state the nature of such event and the action which the Senior Obligated Group Members propose to take with respect thereto.

Acceleration; Annulment of Acceleration. (a) Upon the occurrence and during the continuation of an Event of Default, the Senior Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Outstanding Senior Obligations shall, by notice to the Senior Credit Group Representative, declare all Outstanding Senior Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Senior Obligations shall be immediately due and payable. If the terms of any Related Supplement give a Person the right to consent to acceleration of the Senior Obligations issued pursuant to such Related Supplement, the Senior Obligations issued pursuant to such Related Supplement may not be accelerated by the Senior Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Senior Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, which accrues on such principal and interest to the date of payment, shall be due and payable on the Senior Obligations.

(b) At any time after the Senior Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Senior Master Trustee may annul such declaration and its consequences if:

(1) the Senior Obligated Group has paid (or caused to be paid or deposited with the Senior Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Senior Obligations (other than payments then due only because of such declaration);

and

(2) the Senior Obligated Group has paid (or caused to be paid or deposited with the Senior Master Trustee moneys sufficient to pay) all fees and expenses of the Senior Master Trustee then due;

and

(3) the Senior Obligated Group has paid (or caused to be paid or deposited with the Senior Master Trustee moneys sufficient to pay) all other amounts then payable by the Senior Obligated Group under the Senior Master Indenture;

and

(4) every Event of Default (other than a default in the payment of the principal or other payments of such Senior Obligations then due only because of such declaration) has been remedied.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Senior Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Senior Obligations (and upon indemnification of the Senior Master Trustee to its satisfaction for any such request), shall, proceed to protect and enforce its rights and the rights of the Holders under the Senior Master Indenture by such proceedings as the Senior Master Trustee may deem expedient, including but not limited to:

(1) Enforcement of the right of the Holders to collect amounts due or becoming due under the Senior Obligations;

(2) Civil action upon all or any part of the Senior Obligations;

(3) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Senior Obligations to account as if it were the trustee of an express trust for the Holders of Senior Obligations;

(4) Civil action to enjoin any acts which may be unlawful or in violation of the rights of the Holders of Senior Obligations; and

(5) Enforcement of any other right or remedy of the Holders conferred by law or by the Senior Master Indenture.

(b) Regardless of the occurrence of an Event of Default, if requested in writing by the Holders of not less than a majority in aggregate principal amount of the Outstanding Senior Obligations (and upon indemnification of the Senior Master Trustee to its satisfaction for such request), the Senior Master Trustee shall institute and maintain such proceedings as it may be advised shall be necessary or expedient (1) to prevent any impairment of the security under the Senior Master Indenture by any acts which may be unlawful or in violation of the Senior Master Indenture, or (2) to preserve or protect the interests of the Holders. However, the Senior Master Trustee shall not comply with any such request or institute and maintain any such proceeding that is in conflict with any applicable law or the provisions of the Senior Master Indenture or (in the sole judgment of the Senior Master Trustee) is unduly prejudicial to the interests of the Holders not making such request.

Application of Moneys After Default. During the continuance of an Event of Default, all moneys received by the Senior Master Trustee pursuant to any right given or action taken under the provisions of the Senior Master Indenture relating to Events of Default (after payment of the costs of the proceedings resulting in the collection of such moneys and payment of all fees, expenses and other amounts owed to the Senior Master Trustee) shall be applied as follows:

(a) Unless all Outstanding Senior Obligations have become or have been declared due and payable (or if any such declaration is annulled in accordance with the terms of the Senior Master Indenture):

First: To the payment of all installments of interest then due on the Senior Obligations in the order of their due dates, and, if the amount available is not sufficient to pay in full all installments due on the same date, then to the payment thereof ratably, according to the amounts of interest due on such date, without any discrimination or preference; and

Second: To the payment of all installments of principal then due on the Senior Obligations (whether at maturity or by call for redemption) in the order of their due dates, and, if the amount available is not sufficient to pay in full all installments due on the same date, then to the payment thereof ratably, according to the amounts of principal due on such date, without any discrimination or preference.

(b) If all Outstanding Senior Obligations have become or have been declared due and payable (and such declaration has not been annulled under the terms of the Senior Master Indenture), to the payment of the principal and interest then due and unpaid on the Senior Obligations, and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, of interest over principal, of any installment over any other installment or of any Senior Obligation over any other Senior Obligation, according to the amounts due respectively for principal and interest, without any discrimination or preference.

Such moneys shall be applied at such times as the Senior Master Trustee shall determine, having due regard for the amount of moneys available and the likelihood of additional moneys becoming available in the future. Upon any date fixed by the Senior Master Trustee for the application of such moneys to the payment of principal, interest on the amounts of principal to be paid on such date shall cease to accrue. The Senior Master Trustee shall give such notices as it may deem appropriate of the deposit with it of such moneys or of the fixing of such dates. The Senior Master Trustee shall not be required to make payment to the Holder of any unpaid Senior Obligation until such Senior Obligation (and all unmatured interest coupons, if any) is presented to the Senior Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Senior Obligations have been paid under the terms of the Senior Master Indenture described above and all fees and expenses of the Senior Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive such balance. If no other Person is entitled thereto, then the balance shall be paid to the Senior Credit Group Representative, its successors or such Person as a court of competent jurisdiction may direct.

Remedies Vested in the Senior Master Trustee. All rights of action (including the right to file proof of claims) under the Senior Master Indenture or under any of the Senior Obligations may be enforced by the Senior Master Trustee without the possession of any of the Senior Obligations or the production thereof in any proceeding relating thereto. Any proceeding instituted by the Senior Master Trustee may be brought in its name as the Senior Master Trustee without the necessity of joining any Holders as plaintiffs or defendants. Subject to the provisions of the Senior Master Indenture described above under "Application of Moneys After Default," any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Senior Obligations.

Senior Master Trustee to Represent Holders. The Senior Master Trustee is irrevocably appointed as trustee and attorney-in-fact for the Holders for the purpose of exercising on their behalf the rights and remedies available to the Holders under the provisions of the Senior Master Indenture, the Senior Obligations, any Related Supplement and applicable provisions of law. The Holders, by taking and holding the Senior Obligations, shall be conclusively deemed to have so appointed the Senior Master Trustee.

Holders Control of Proceedings. If an Event of Default has occurred and is continuing, notwithstanding anything in the Senior Master Indenture to the contrary, the Holders of at least a majority in aggregate principal amount of Outstanding Senior Obligations shall have the right (upon the indemnification of the Senior Master Trustee to its satisfaction) to direct the method and/or place of conducting any proceeding to be taken in connection with the enforcement of the terms of the Senior Master Indenture. Such direction must be in writing, signed by such Holders and delivered to the Senior Master Trustee. However, the Senior Master Trustee shall not follow any such direction that is in conflict with any applicable law or the provisions of the Senior Master Indenture or (in the sole judgment of the Senior Master Trustee) is unduly prejudicial to the interests of the Holders not joining in such direction. Nothing

described in this paragraph shall impair the right of the Senior Master Trustee to take any other action authorized by the Senior Master Indenture that it may deem proper and which is not inconsistent with such direction by Holders.

Waiver of Event of Default. No delay or omission of the Senior Master Trustee or of any Holder to exercise any right with respect to any Event of Default shall impair such right or shall be construed to be a waiver of or acquiescence to such Event of Default. Every right and remedy given under the Senior Master Indenture to the Senior Master Trustee and the Holders may be exercised from time to time and as often as may be deemed expedient by them. The Senior Master Trustee may waive any Event of Default which in its opinion has been remedied before the entry of a final judgment or decree in any proceeding instituted by it under the provisions of the Senior Master Indenture, or before the completion of the enforcement of any other remedy under the Senior Master Indenture. Upon the written request of the Holders of at least a majority in aggregate principal amount of Outstanding Senior Obligations, the Senior Master Trustee shall waive any Event of Default under the Senior Master Indenture and its consequences; provided, however, that, except under the circumstances set forth in the Senior Master Indenture, the failure to pay the principal of, premium, if any, or interest on any Senior Obligation when due may not be waived without the written consent of the Holders of all Outstanding Senior Obligations. In case of any waiver by the Senior Master Trustee of an Event of Default, the Senior Obligated Group Members, the Senior Master Trustee and the Holders shall be restored to their former positions and rights. No waiver shall extend to, or impair any right with respect to, any other Event of Default.

Supplements and Amendments

Supplements Not Requiring Consent of Holders. The Senior Credit Group Representative (acting for itself and as agent for each Senior Obligated Group Member) and the Senior Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for any of the following purposes: (a) To correct any ambiguity or formal defect or omission in the Senior Master Indenture which does not materially and adversely affect the interests of the Holders; (b) To correct or supplement any provision which may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising under the Senior Master Indenture and which does not materially and adversely affect the interests of the Holders; (c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Senior Obligated Group Members; (d) To qualify the Senior Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect; (e) To create and provide for the issuance of a Senior Obligation or Series of Senior Obligations as permitted under the Senior Master Indenture; (f) To obligate a successor to any Senior Obligated Group Member as provided in the Senior Master Indenture; or (g) To add a new Senior Obligated Group Member as provided in the Senior Master Indenture.

Supplements Requiring Consent of Holders. (a) Other than Related Supplements referred to in the preceding paragraph and subject to the terms contained in the Senior Master Indenture, the Holders of not less than a majority in aggregate principal amount of the Outstanding Senior Obligations shall have the right to consent to and approve the execution by the Senior Credit Group Representative (acting for itself and as agent for each Senior Obligated Group Member) and the Senior Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding any of the terms contained in the Senior Master Indenture; provided, however, that nothing shall permit or be construed as permitting a Related Supplement which would: (1) Extend the stated maturity of or time for paying interest on any Senior Obligation or reduce the principal amount of or the redemption premium or rate of interest or method of calculating interest payable on any Senior Obligation without the consent of the Holder of such Senior Obligation; (2) Modify, alter, amend, add to or rescind any of the terms or provisions contained in the Senior Master Indenture so as to affect the right of the Holders of any Senior Obligations in default as to payment to compel the Senior Master Trustee to declare the principal of all Senior Obligations to be due and payable, without the consent of the Holders of all Outstanding Senior Obligations; or (3) Reduce the aggregate principal amount of Outstanding Senior Obligations the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Senior Obligations then Outstanding.

Satisfaction and Discharge of Senior Master Indenture

The Senior Master Indenture shall cease to be of further effect if: (a) all Senior Obligations previously authenticated (other than any Senior Obligations which have been mutilated, destroyed, lost or stolen and which have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Senior Master Trustee for cancellation; or (b) all Senior Obligations not previously cancelled or delivered to the Senior Master Trustee for cancellation are paid; or (c) a deposit is made in trust with the Senior Master Trustee (or with a bank or trust company acceptable to the Senior Master Trustee pursuant to an agreement between a Senior Obligated Group Member and such bank or trust company in form acceptable to the Senior Master Trustee) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Senior Obligations not previously cancelled or delivered to the Senior Master Trustee for cancellation, including principal and interest due or to become due to such date of maturity or redemption date, as the case may be; and all other sums payable under the Senior Master Indenture by the Senior Obligated Group Members are also paid. The Senior Master Trustee, on demand of the Senior Obligated Group Members or any thereof and at the cost and expense of the Senior Obligated Group Members, shall execute proper instruments acknowledging satisfaction of and discharging the Senior Master Indenture. The Senior Obligated Group Members shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction provided pursuant to clause (c) described above, upon which report the Senior Master Trustee may rely.

SUPPLEMENTAL SENIOR MASTER INDENTURES

General

The Supplemental Senior Master Indentures provide for the issuance of the Series 2006 Senior Obligations pursuant to the Senior Master Indenture, and provide the terms and forms thereof.

The following is a summary of certain provisions of the Supplemental Senior Master Indentures. This summary does not purport to be complete or definitive and reference is made to the Supplemental Senior Master Indentures for the complete terms thereof.

Payments on the Obligation; Credits

Principal of and interest and any applicable redemption premium on the Series 2006 Senior Obligations are payable in any coin or currency of the United States of America that on the payment date is legal tender for the payment of public and private debts. Except as provided in the following paragraph with respect to credits, and in the section described under the heading "Prepayment of the Series 2006 Senior Obligations," payments on the principal of and premium, if any, and interest on the Series 2006 Senior Obligations shall be made at the times and in the amounts specified in the Series 2006 Senior Obligations by the Senior Credit Group Representative depositing the same with or to the account of the Bond Trustee at or prior to the opening of business on the day such payments shall become due or payable (or the next succeeding Business Day if such day is not a Business Day), and giving notice to the Senior Master Trustee and the Bond Trustee of each payment of principal, interest or premium on the Series 2006 Senior Obligations, specifying the amount paid and identifying such payment as a payment on the Series 2006 Senior Obligations.

The Senior Credit Group Representative shall receive credit for payment on the Series 2006 Senior Obligations, in addition to any credits resulting from payment or prepayment from other sources, as follows: (a) on installments of interest on such Series 2006 Senior Obligations in an amount equal to moneys deposited in the Interest Account created under the related Bond Indenture, which amounts are available to pay interest on the related Bonds and to the extent such amounts have not previously been credited against payments on the respective Series 2006 Senior Obligation; (b) on installments of principal of the Series 2006 Senior Obligations in an amount equal to moneys deposited in the Principal Account created under the related Bond Indenture, which amounts are available to pay principal of the related Bonds and to the extent such amounts have not previously been credited on the respective Series 2006 Senior Obligations; (c) on installments of principal of and interest on the Series 2006 Senior Obligations in an amount equal to, respectively, the principal amount of related Bonds for the redemption or payment of which sufficient amounts (as determined by the related Bond Indenture) in cash or United States Government Obligations, as defined in the applicable Bond Indenture, are on deposit as provided in such Bond Indenture to the extent such amounts have not been previously credited against payments on the Series 2006 Senior Obligations, and the interest on such Bonds payable from such cash or United States Government Obligations and from and after the date fixed for payment at maturity or redemption thereof (such credits shall be made against the installments of principal of and interest on the Series 2006 Senior Obligations that would have been used, but for such payment or redemption, to pay principal of and interest on such Bonds when due at maturity or upon mandatory redemption); and (d) on installments of principal of and interest on the Series 2006 Senior Obligations in an amount equal to, respectively, the principal amount of the Bonds delivered to the Bond Trustee for cancellation or purchased by the Bond Trustee and canceled, and the interest on such Bonds from and after the date interest thereon has been paid prior to cancellation (such credits shall be made against the installments of principal of and interest on the Series 2006 Senior Obligation that would have been used, but for such cancellation, to pay principal of and interest on such Bonds when due, and with respect to Bonds called for mandatory redemption, against principal installments that would have been used to pay Bonds of the same maturity).

All amounts required to be paid by the Senior Credit Group on the Series 2006 Senior Obligations pursuant to the applicable Loan Agreement for the purpose of paying the purchase price of Bonds tendered for optional or mandatory purchase pursuant to the applicable Bond Indenture shall be paid at such times and in such amounts as are required to be paid by Ascension Health pursuant to the applicable Loan Agreement. The Senior Credit Group shall

receive credit for payment pursuant to this paragraph in an amount equal to moneys deposited with the Tender Agent by Ascension Health pursuant to the applicable Loan Agreement.

Prepayment of the Series 2006 Senior Obligations

So long as all amounts that have become due under the Series 2006 Senior Obligations have been paid, the Senior Credit Group Representative shall have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amounts to become due under such Series 2006 Senior Obligations. Prepayments may be made by payments of cash or surrender of related Bonds, as contemplated by the Supplemental Senior Master Indenture for such Series of Series 2006 Senior Obligations. All such prepayments (and the additional payment of any amount necessary to pay the premium, if any, payable upon the redemption of the Bonds) shall be deposited upon receipt in the Optional Redemption Account created under the related Bond Indenture and, at the request of and as determined by the Senior Credit Group Representative, credited against payments due under such Obligation or used for the redemption or purchase of Outstanding Bonds in the manner and subject to the terms and conditions set forth in the applicable Bond Indenture. Notwithstanding any such prepayment or surrender of such Bonds, as long as any such Bonds remain Outstanding or any additional payments required to be made under the Supplemental Senior Master Indenture remain unpaid, the Senior Credit Group Representative shall not be relieved of its obligations under such Supplemental Senior Master Indenture.

Registration, Number, Negotiability and Transfer of the Series 2006 Senior Obligations

Except as provided below, so long as any Bond remains outstanding, the related Series 2006 Senior Obligation shall consist of a single Senior Obligation without coupons registered as to principal and interest in the name of the Bond Trustee and no transfer of the Series 2006 Senior Obligations shall be registered under the Senior Master Indenture except for transfers to a successor Bond Trustee. Upon the principal of all Senior Obligations Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, the Series 2006 Senior Obligations may be transferred, if and to the extent the Bond Trustee requests that the above restrictions on transfers be terminated.

Right to Redeem

Each Series of the Series 2006 Senior Obligations shall be subject to redemption, in whole or in part, prior to the maturity at the times and in the amounts specified in the Bonds issued under the related Bond Indenture; provided that in no event shall any Series of Series 2006 Senior Obligations be redeemed unless a corresponding amount of related Bonds is also redeemed.

Continuing Disclosure

The Senior Credit Group Representative agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any provision of the applicable Loan Agreement or the Senior Master Indenture, failure of the Senior Credit Group Representative to comply with the Continuing Disclosure Agreement shall not be considered a Loan Default Event or Event of Default; however, the Bond Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds, shall) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Senior Credit Group Representative to comply with its obligations relating to continuing disclosure under the Supplemental Senior Master Indenture.

BOND INDENTURES

General

The Bond Indentures set forth the terms of the Bonds, the nature and extent of security, the various rights of the Holders of the Bonds, the rights, duties and immunities of the Bond Trustee and the rights and obligations of the Issuers. Certain provisions of the Bond Indentures are summarized below. Other provisions are summarized in

this Limited Offering Memorandum under the captions "THE SERIES 2006 BONDS" and "SECURITY FOR THE SERIES 2006 BONDS."

The following is a summary of certain provisions of each Bond Indenture. This summary does not purport to be complete or definitive and reference is made to the respective Bond Indenture for the complete terms thereof.

Establishment of Funds and Accounts

Each Bond Indenture creates a Revenue Fund, an Interest Account, a Principal Account, a Redemption Fund, an Optional Redemption Account, a Special Redemption Account, a Bond Purchase Fund, a Project Fund, an Escrow Fund (as applicable) and a Rebate Fund, all of which are to be held by the Bond Trustee. References to funds and accounts in this section shall be deemed to be references to the applicable funds and accounts established under the applicable Bond Indenture.

Pledge and Assignment

Subject only to the provisions of the applicable Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, there are pledged to secure the payment of the principal of and premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the applicable Bond Indenture, all of the Revenues and any other amounts (including proceeds of the sale of Bonds) held in any fund or account established pursuant to the applicable Bond Indenture (other than the Rebate Fund and the Bond Purchase Fund). Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Bond Trustee of the Bonds, without any physical delivery thereof or further act.

Revenue Fund

All Revenues shall be promptly deposited by the Bond Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Bond Trustee is directed to establish, maintain and hold in trust, except as otherwise provided in the applicable Bond Indenture and except that all moneys received by the Bond Trustee and required by the applicable Loan Agreement or the applicable Series 2006 Senior Obligations to be deposited in the Bond Purchase Fund or the Redemption Fund shall be promptly deposited in such fund. All Revenues deposited with the Bond Trustee shall be held, disbursed, allocated and applied by the Bond Trustee only as provided in the applicable Bond Indenture.

Allocation of Revenues

On or before the dates specified below, the Bond Trustee will transfer from the Revenue Fund and deposit into the following respective accounts (each of which is maintained within the Revenue Fund) the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: on or before each Interest Payment Date, to the Interest Account, the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said amount of interest;

Second: to the Principal Account, on or before the Sinking Fund Installment Date, the amount of the Sinking Fund Installment becoming due and payable on such date, until the balance in said account is equal to said amount of such Sinking Fund Installment; and

Third: to the Rebate Fund, such amounts as are required to be deposited therein by the Bond Indenture (including the Tax Certificate and Agreement).

Application of Interest Account

All amounts in the Interest Account shall be used and withdrawn by the Bond Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity from funds on deposit in the Principal Account or the Redemption Fund pursuant to the Bond Indenture).

Application of Principal Account

All amounts in the Principal Account shall be used and withdrawn by the Bond Trustee solely to purchase or redeem or pay Sinking Fund Installments or pay at maturity the Bonds as provided in the applicable Bond Indenture.

On each Sinking Fund Installment Date, the Bond Trustee shall apply the Sinking Fund Installment required on that date to the redemption (or payment at maturity, as the case may be) of Bonds, upon the notice and in the manner provided in the applicable Bond Indenture; provided that, at any time prior to giving such notice of such redemption, the Bond Trustee may apply moneys in the Principal Account to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as directed in writing by Ascension Health, except that the purchase price (excluding accrued interest) shall not exceed the par amount of the Bonds so purchased. If, during the twelve-month period immediately preceding a Sinking Fund Installment Date, the Bond Trustee has purchased Bonds with moneys in the Principal Account, or, during said period and prior to giving said notice of redemption, Ascension Health has deposited Bonds with the Bond Trustee (together with a Request of Ascension Health, to apply such Bonds to the Sinking Fund Installment due on said date), or Bonds were at any time purchased or redeemed by the Bond Trustee from the Redemption Fund and allocable to said Sinking Fund Installment, such Bonds shall be applied, to the extent of the full principal amount thereof, to reduce said Sinking Fund Installment. All such Bonds purchased or deposited, if any, shall be cancelled by the Bond Trustee. Bonds purchased from the Principal Account, purchased or redeemed from the Redemption Fund, or deposited by Ascension Health with the Bond Trustee shall be allocated first to the next succeeding Sinking Fund Installment, then as a credit against such future Sinking Fund Installments as Ascension Health may specify in writing.

Application of Redemption Fund

The Bond Trustee shall establish, maintain and hold in trust a fund separate from any other fund established and maintained under the applicable Bond Indenture designated as the "Redemption Fund" and within the Redemption Fund a separate Optional Redemption Account and a separate Special Redemption Account. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be used and withdrawn by the Bond Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in the applicable Bond Indenture, at the next succeeding date of redemption for which notice has not been given and at the Redemption Prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Bond Trustee shall, upon direction of the Senior Credit Group Representative, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Senior Credit Group Representative may direct, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to such Bonds; and provided further that, in the case of the Optional Redemption Account, in lieu of redemption at such next succeeding date of redemption, or in combination therewith, amounts in such account may be transferred to the Revenue Fund and credited against Loan Repayments in order of their due date as set forth in a Request of the Senior Credit Group Representative.

Rebate Fund

To the extent required by the applicable Bond Indenture and the applicable Tax Agreement, certain amounts will be deposited in the Rebate Fund by Ascension Health, and thereafter paid to the federal government to the extent required to satisfy the Rebate Requirements (as defined in the applicable Tax Agreement). Any moneys

remaining in a Rebate Fund after the payment of all such amounts, or provision made therefor, will be remitted to Ascension Health.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds and accounts established pursuant to the applicable Bond Indenture shall be invested by the Bond Trustee, upon direction of Ascension Health, solely in Investment Securities as set forth in each respective Bond Indenture.

Continuing Disclosure

Pursuant to the applicable Supplemental Senior Master Indenture, the Senior Credit Group Representative has undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuers shall have no liability to the Holders of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. The Bond Trustee agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and the Supplemental Senior Master Indenture. Notwithstanding any other provision of the applicable Bond Indenture, failure of the Senior Credit Group Representative or the Bond Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Bond Trustee may (and, at the request of the Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any Holder or Beneficial Owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Senior Credit Group Representative to comply with its obligations under the applicable Supplemental Senior Master Indenture or to cause the Bond Trustee to comply with its obligations under the applicable Bond Indenture. See Appendix D – "Form of Continuing Disclosure Agreements."

Replacement of Series 2006 Senior Obligations with Obligations Issued under a Separate Master Indenture.

The Series 2006 Senior Obligations may be replaced by an obligation issued under a replacement master indenture upon the conditions specified in the applicable Bond Indenture. One of the conditions specified is that the Bond Trustee receive written confirmation from each Rating Agency then rating the Bonds that the replacement of the Series 2006 Senior Obligations will not by itself result in a reduction in the then-current ratings on the Bonds. Upon satisfaction of such conditions, all references in the applicable Bond Indenture and in the applicable Loan Agreement to the related Series 2006 Senior Obligation would be deemed to be references to the replacement obligation, all references to the Senior Master Indenture would be deemed to be references to the replacement master indenture, all references to the Senior Master Trustee would be deemed to be references to the master trustee under the replacement master indenture, all references to the Senior Obligated Group and the Senior Obligated Group Members would be deemed to be references to the obligated group and the members of the obligated group under the replacement master indenture and all references to the Supplemental Senior Master Indenture would be deemed to be references to the supplemental master indenture pursuant to which the replacement obligation is issued.

Events of Default

The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise or default in the redemption of any Bonds from Sinking Fund Installments in the amount and at the times provided therefor;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) (i) failure to pay the Tender Price of any Bond tendered or subject to mandatory tender or purchase pursuant to the Bond Indenture or (ii) failure to satisfy any condition to Conversion from an Indexed Put Interest Rate Period set forth in the Bond Indenture;

(d) default in any material respect by the applicable Issuer in the observance of any of the other covenants, agreements or conditions on its part in the applicable Bond Indenture or in the Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the applicable Issuer and Ascension Health by the Bond Trustee, or to the applicable Issuer, Ascension Health and the Bond Trustee by the Holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time Outstanding; or

(e) a Loan Default Event.

Upon actual knowledge of the existence of any Event of Default, the Bond Trustee shall notify Ascension Health, the Senior Credit Group Representative, the applicable Issuer and the Senior Master Trustee in writing as soon as practicable; provided, however, that the Bond Trustee need not provide notice of any Loan Default Event if Ascension Health has expressly acknowledged the existence of such Loan Default Event in a writing delivered to the Bond Trustee, the Senior Credit Group Representative, the applicable Issuer and the Senior Master Trustee.

Acceleration of Maturities

If any Event of Default has occurred and is continuing the Bond Trustee may take the following remedial steps: (a) In the case of an Event of Default described in clause (a), (b) or (c) of the preceding paragraph, the Bond Trustee may notify the applicable Issuer and the Senior Master Trustee of such Event of Default, may make a demand for payment under the related Series 2006 Senior Obligation and request the Senior Master Trustee in writing to give notice pursuant to the Senior Master Indenture to the Senior Obligated Group Members of the Senior Obligated Group declaring the principal of all obligations issued under the Senior Master Indenture then outstanding to be due and immediately payable. Thereupon, the Bond Trustee shall declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the applicable Bond Indenture to the contrary notwithstanding. In addition, the Bond Trustee may take whatever action at law or in equity is necessary or desirable to collect the payments due under the related Series 2006 Senior Obligation; (b) In the case of an Event of Default described in clause (d) of the preceding paragraph, the Bond Trustee may take whatever action at law or in equity is necessary or desirable to enforce the performance, observance or compliance by the applicable Issuer with any covenant, condition or agreement by the applicable Issuer under the applicable Bond Indenture; and (c) In the case of an Event of Default described in clause (e) of the preceding paragraph, the Bond Trustee may take whatever action the applicable Issuer would be entitled to take, and shall take whatever action the applicable Issuer would be required to take, pursuant to the applicable Loan Agreement in order to remedy the Loan Default Event.

Notwithstanding any other provision of the applicable Bond Indenture or any right, power or remedy existing at law or in equity or by statute, the Bond Trustee shall not under any circumstance in which an Event of Default has occurred declare the entire unpaid aggregate principal amount of the Bonds Outstanding to be immediately due and payable except in accordance with the directions of the Senior Master Trustee in the event that the Senior Master Trustee shall have declared the principal amount of the applicable Series 2006 Senior Obligation and all interest due thereon immediately due and payable in accordance with the Senior Master Indenture.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the applicable Issuer or Ascension Health shall deposit with the Bond Trustee a sum sufficient to pay all the principal (including any Sinking Fund Installments) or redemption price of and installments of interest on the Bonds, payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Bond Trustee, and if the Bond Trustee has received notification from the Senior Master Trustee that the declaration of acceleration of the applicable Series 2006 Senior Obligation has been annulled pursuant to the Senior Master Indenture and any and all other defaults known to the Bond Trustee (other

than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bond Trustee or provision deemed by the Bond Trustee to be adequate shall have been made therefor, then, and in every such case, the Bond Trustee shall, on behalf of the Holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Bond Trustee to Represent Bondholders

If any Event of Default has occurred and is continuing, the Bond Trustee in its discretion may, and upon the written request of the Holders of 25% in aggregate principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the applicable Bond Indenture, or in aid of the execution of any power granted in the applicable Bond Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Bond Trustee or in such Holders under the applicable Bond Indenture, the applicable Loan Agreement, the applicable Series 2006 Senior Obligation, the Act (as defined in the applicable Bond Indenture) or any other law; and upon instituting such proceeding, the Bond Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the applicable Bond Indenture, pending such proceedings.

Bondholders' Direction of Proceedings

The Holders of a majority in aggregate principal amount of the Bonds then Outstanding under the applicable Bond Indenture shall have the right, upon indemnifying the Bond Trustee to its satisfaction, to direct the method of conducting all remedial proceedings by the Bond Trustee under the applicable Bond Indenture, provided such directions shall not be otherwise than in accordance with law or the provisions of the applicable Bond Indenture, and that the Bond Trustee shall have the right to decline to follow any such direction which in the opinion of the Bond Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Bondholders' Right to Sue

No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the applicable Bond Indenture, the applicable Loan Agreement, the applicable Series 2006 Senior Obligation, the Act (as defined in the applicable Bond Indenture) or any other applicable law with respect to such Bond unless (a) such Holder shall have given to the Bond Trustee written notice of the occurrence of an Event of Default, (b) the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Bond Trustee, to exercise the powers granted to it under the applicable Bond Indenture or to institute such suit, action, proceeding in its own name; provided, however, that if more than one such request is received by the Bond Trustee from the Holders, the Bond Trustee shall follow the written request executed by the Holders of the greater percentage of Bonds then Outstanding in excess of 25%; (c) such Holder shall have tendered to the Bond Trustee indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Bond Trustee shall have failed to comply with such request for a period of 60 days after such written request shall have been received by and the tender of indemnity shall have been made to the Bond Trustee.

Amendment of Bond Indenture

Each Bond Indenture may be amended or supplemented from time to time, but without the necessity of obtaining the consent of the Holders, for one or more of the following purposes: (a) to add covenants of the applicable Issuer, to pledge or assign additional security for the Bonds or to surrender any right or power in the applicable Bond Indenture reserved to or conferred upon the applicable Issuer, provided, that no such covenant, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds; (b) to cure any ambiguity, inconsistency or omission as the applicable Issuer or the Bond Trustee may deem necessary or

desirable and not inconsistent with the applicable Bond Indenture and which shall not materially adversely affect the interests of the Holders of the Bonds; (c) to modify, amend or supplement the applicable Bond Indenture in such manner as to permit the qualification of such Bond Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds; (d) to evidence or give effect to, or to conform to the terms and provisions of, any Liquidity Facility; (e) to evidence or give effect to, or to conform to the terms and provisions of, any insurance policy, letter of credit or other credit enhancement for the Bonds; (f) to facilitate and implement any book entry system (or any termination of a book entry system) with respect to the Bonds; (g) to maintain the exclusion from gross income of interest payable with respect to the Bonds; or (h) to make any modification or amendment to the Bond Indenture which will be effective upon the remarketing of Bonds following the mandatory tender of the Bonds pursuant to the applicable Bond Indenture.

Each Bond Indenture may be modified or amended from time to time by a Supplemental Indenture with the written consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding and Ascension Health; provided, that no such modification or amendment shall (1) extend the stated maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof or change the Tender Price to be paid to Holders tendering their Bonds, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds, the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the applicable Bond Indenture prior to or on a parity with the lien created by the applicable Bond Indenture, or deprive the Holders of the Bonds of the lien created by the applicable Bond Indenture on such Revenues and other assets (except as expressly provided in the applicable Bond Indenture), without the consent of the Holders of all Bonds then Outstanding.

Defeasance

The Bonds may be paid by the applicable Issuer or the Bond Trustee on behalf of the applicable Issuer in any of the following ways: (a) by paying or causing to be paid the principal or Redemption Price of and interest on all Bonds Outstanding, as and when the same become due and payable; (b) by depositing with the Bond Trustee, in trust, at or before maturity, moneys or securities in the necessary amount to pay when due or redeem all Bonds then Outstanding; or (c) by delivering to the Bond Trustee, for cancellation by it, all Bonds then Outstanding.

Liability of Issuer Limited to Revenues

Notwithstanding anything in the applicable Bond Indenture or in the Bonds, the applicable Issuer shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under the applicable Bond Indenture for any of the purposes in the applicable Bond Indenture, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of the applicable Bond Indenture.

LOAN AGREEMENTS

Each Loan Agreement provides the terms of a loan of all or a portion of the proceeds of the applicable Bonds by the applicable Issuer to Ascension Health and the repayment of such loan by Ascension Health.

The following is a summary of certain provisions of the Loan Agreements. This summary does not purport to be complete or definitive and reference is made to the respective Loan Agreements for the complete terms thereof.

Loan Repayments

Ascension Health agrees to pay, or cause to be paid, Loan Repayments in an amount sufficient to enable the Bond Trustee to make the transfers and deposits required at the times and in the amounts described in the applicable Bond Indenture. Notwithstanding the foregoing, Ascension Health agrees to make payments, or cause payments to be made, at the times and in the amounts required to be paid as principal or Redemption Price or interest on the Bonds from time to time Outstanding under the applicable Bond Indenture and other amounts required to be paid under the applicable Bond Indenture, as the same shall become due whether at maturity, upon redemption, by declaration of acceleration or otherwise.

Additional Payments

Ascension Health also agrees to pay certain Additional Payments in connection with the issuance of the Bonds, including certain taxes and assessments charged to the applicable Issuer or the Bond Trustee, all reasonable fees, charges, expenses and indemnities of the applicable Issuer and the Bond Trustee under the applicable Loan Agreement and under the applicable Bond Indenture, the reasonable fees and expenses of experts engaged by the applicable Issuer and the Bond Trustee, and all other reasonable and necessary fees and expenses attributable the applicable Loan Agreement or the related Series 2006 Senior Obligation.

Prepayment

Ascension Health shall have the right, so long as all amounts which have become due under the applicable Loan Agreement have been paid, at any time or from time to time to prepay all or any part of the Loan Repayments and the applicable Issuer agrees that the Bond Trustee shall accept such prepayments when the same are tendered. Prepayments may be made by payments of cash, deposit of United States Government Obligations or surrender of Bonds. All such prepayments (and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of Bonds) shall be deposited upon receipt in the Principal Account, Optional Redemption Account or Special Redemption Account, as applicable (or in such other Bond Trustee held escrow account as may be specified by Ascension Health) and at the request of and as determined by Ascension Health, credited against payments due under the applicable Loan Agreement or used for the redemption or purchase of Outstanding Bonds in the manner and subject to the terms and conditions set forth in the applicable Bond Indenture. Notwithstanding any such prepayment or surrender of Bonds, as long as any Bonds remain Outstanding or any Additional Payments required to be made under the applicable Loan Agreement remain unpaid, Ascension Health shall not be relieved of its obligations under the applicable Loan Agreement.

Payment of Purchase Price of Bonds

Ascension Health agrees that, if a Liquidity Facility is not in effect with respect to a Series of Bonds or if the Liquidity Facility Provider has not paid the full amount required by the applicable Bond Indenture at the times required under the applicable Bond Indenture, it shall pay to the Tender Agent all amounts necessary for the purchase of Bonds of such Series pursuant to the applicable Bond Indenture and not deposited with the Tender Agent by the Remarketing Agent from the proceeds of the sale of such Bonds pursuant to the applicable Bond Indenture. If the Fixed Rate Conversion Date for a Series of Bonds is established pursuant to the applicable Bond Indenture, the obligations of Ascension Health pursuant to this section of the applicable Loan Agreement with respect to such Bonds shall be terminated following the Fixed Rate Conversion Date.

Obligations Unconditional

The obligations of Ascension Health under each Loan Agreement are absolute and unconditional, notwithstanding any other provision of such Loan Agreement, the applicable Supplemental Senior Master Indenture, the applicable Series 2006 Senior Obligation, the Senior Master Indenture or the applicable Bond Indenture. Until the applicable Loan Agreement is terminated and all payments under the such Loan Agreement are made, Ascension Health: (a) will pay all amounts required under the applicable Loan Agreement without abatement, deduction or set-off except as otherwise expressly provided in the applicable Loan Agreement; (b) will not suspend or discontinue any payments due under the applicable Loan Agreement for any reason whatsoever, including, without limitation, any right

of set-off or counterclaim; (c) will perform and observe all its other agreements contained in the applicable Loan Agreement; and (d) except as provided in the applicable Loan Agreement, will not terminate the applicable Loan Agreement for any cause including, without limiting the generality of the foregoing, damage, destruction or condemnation of the financed or refinanced facilities or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State, or any political subdivision of either thereof or any failure of the applicable Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the applicable Loan Agreement. Nothing contained in the applicable Loan Agreement shall be construed to release the applicable Issuer from the performance of any of the agreements on its part, contained in the applicable Loan Agreement, and in the event the applicable Issuer should fail to perform any such agreement on its part, Ascension Health may institute such action against the applicable Issuer as Ascension Health may deem necessary to compel performance.

The rights of the Bond Trustee or any party or parties on behalf of whom the Bond Trustee is acting shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever, whether arising out of any breach of any duty or obligation of the applicable Issuer, the Senior Master Trustee or the Bond Trustee owing to Ascension Health, or by reason of any other indebtedness or liability at any time owing by the applicable Issuer, the Senior Master Trustee or by the Bond Trustee to Ascension Health.

Liquidity Facility; Alternate Liquidity Facility

The Senior Credit Group Representative or Ascension Health may, at any time at its sole option, furnish a Liquidity Facility (or, if a Liquidity Facility is then in existence, an Alternate Liquidity Facility in substitution for the Liquidity Facility then in effect) to the Tender Agent to provide for the purchase of Bonds of any Series upon their optional or mandatory tender in accordance with the applicable Bond Indenture. Any Liquidity Facility (or Alternate Liquidity Facility) shall be a facility provided by a commercial bank or other financial institution in an amount equal to the Required Stated Amount for such Series with a term of at least 360 days from the effective date thereof.

If a Liquidity Facility has been delivered to the Tender Agent as described in the preceding paragraph of this section with respect to a Series of Bonds, prior to the Fixed Rate Conversion Date for such Series of Bonds, Ascension Health (1) shall maintain the Liquidity Facility or an Alternate Liquidity Facility, in an amount equal to the Required Stated Amount for such Series prior to its termination, and (2) shall not voluntarily terminate the Liquidity Facility or any Alternate Liquidity Facility without at least sixty (60) days written notice to the Bond Trustee and the Tender Agent.

Events of Default

The following events shall be Loan Default Events under each Loan Agreement: (1) if Ascension Health shall fail to pay any payment required by the applicable Loan Agreement or if the Senior Obligated Group shall fail to make any payment required under the applicable Series 2006 Senior Obligation when due; (2) if any material representation or warranty made by Ascension Health or any Senior Obligated Group Member in any document, instrument or certificate furnished to the Bond Trustee or the applicable Issuer in connection with the issuance of the applicable Series 2006 Senior Obligation or the Bonds shall at any time prove to have been incorrect in any respect as of the time made; (3) if Ascension Health shall fail to observe or perform any other covenant, condition, agreement or provision in the applicable Loan Agreement on its part to be observed or performed for a period of 60 days after written notice specifying such failure or breach and requesting that it be remedied, has been given to Ascension Health by the applicable Issuer or the Bond Trustee, except that, if such failure or breach can be remedied but not within such 60 day period, such failure shall not become a Loan Default Event for so long as Ascension Health shall diligently proceed to remedy same in accordance with and subject to any directions or limitations of time established by the Bond Trustee; and (4) any Event of Default under the applicable Bond Indenture or the Senior Master Indenture shall occur and is continuing.

Remedies on Default

If a Loan Default Event shall occur under a Loan Agreement, the Bond Trustee on behalf of the applicable Issuer may, among other things, declare all installments of Loan Repayments payable for the remainder of the term of

the applicable Loan Agreement to be immediately due and payable. The applicable Issuer or the Bond Trustee may also take whatever action, at law or in equity, to collect the payment required under the applicable Loan Agreement then due or to otherwise enforce the performance and observance of any obligation, agreement or covenant of Ascension Health contained in the applicable Loan Agreement.

Appendix D

Form of Continuing Disclosure Agreements

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FORM OF CONTINUING DISCLOSURE AGREEMENTS

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated November 16, 2006, is executed and delivered by Ascension Health ("Ascension") and Wells Fargo Bank, National Association (the "Bond Trustee"), in connection with the issuance of $_____ [Issuer] [Name of Bonds] (the "Bonds"). The Bonds are being issued pursuant to a bond indenture, dated as of November 1, 2006 (the "Indenture"), between the [Issuer] (the "Issuer") and the Bond Trustee. The proceeds of the Bonds are being loaned by the Issuer to Ascension, pursuant to a loan agreement, dated as of November 1, 2006 (the "Loan Agreement"), between the Issuer and Ascension. The Bonds are secured under the provisions of the Indenture and will be payable from (1) payments required to be made by Ascension under the Loan Agreement, (2) payments made by the Senior Obligated Group Members (the "Members") on Senior Obligation No. __ (the " Senior Obligation") issued by Ascension under the Senior Master Trust Indenture, dated as of November 1, 1999, as amended and supplemented (the "Senior Master Indenture"), among Ascension, the other Senior Obligated Group Members named therein and U.S. Bank National Association, as senior master trustee (the "Senior Master Trustee"), as supplemented by the Supplemental Senior Master Indenture for Senior Master Indenture Obligation No. __, dated as of November 1, 2006, between Ascension and the Senior Master Trustee (the "Senior Supplement"), and (3) certain funds held under the Indenture. Under the Senior Master Indenture, the Senior Obligated Group Members are jointly and severally obligated to make payments on the Senior Obligation according to the terms thereof when due. Pursuant to Section __ of the Indenture and Section __ of the Senior Supplement, Ascension, on its own behalf and on behalf of the other Senior Obligated Group Members, and the Bond Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by Ascension and the Bond Trustee for the benefit of the Holders and Beneficial Owners (each defined below) of the Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). Ascension and the Bond Trustee acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement, and has no liability to any person, including any Holder or Beneficial Owner of the Bonds, with respect to the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by Ascension pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the Senior Vice President and Chief Financial Officer of Ascension or his or her designee, or such other person as Ascension shall designate in writing to the Bond Trustee from time to time.

"Dissemination Agent" shall mean the Bond Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by Ascension and which has filed with the Bond Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth from time to time at http://www.sec.gov/info/municipal/nrmsir.htm.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of [State].

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. [As of the date of this Agreement, there is no State Repository.]

SECTION 3. Provision of Quarterly and Annual Reports.

(a) Ascension shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of Ascension's fiscal year (which fiscal year as of the date hereof ends June 30), commencing with the report for the fiscal year ending June 30, 2007, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If Ascension's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, Ascension shall provide the Annual Report to the Dissemination Agent and the Bond Trustee (if the Bond Trustee is not the Dissemination Agent). If by such date the Dissemination Agent and the Bond Trustee (if the Bond Trustee is not the Dissemination Agent) have not received a copy of the Annual Report, the Bond Trustee and the Dissemination Agent shall contact Ascension to determine if Ascension is in compliance with the first sentence of this subsection (b).

(c) In addition to the Annual Report required to be filed pursuant to subsection (a), Ascension shall, or shall cause the Dissemination Agent to, not later than 60 days after the end of each of the first three fiscal quarters of Ascension's fiscal year (which fiscal year as of the date hereof ends June 30), provide to each Repository a Quarterly Report consisting of an unaudited balance sheet, statement of operations and changes in net assets for such Fiscal Year for the Senior Credit Group (including all Material Senior Credit Group Members and such other Senior Obligated Group Members and Senior Designated Affiliates as may be determined by Ascension), prepared by Ascension.

(d) If the Bond Trustee is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Bond Trustee shall send a notice to each Repository in substantially the form attached as Exhibit A.

(e) The Dissemination Agent shall:

1. determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

2. file a report with Ascension, the Issuer and (if the Dissemination Agent is not the Bond Trustee) the Bond Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. Ascension's Annual Report shall contain or include by reference the following:

(a) One or more financial statements which, in the aggregate, shall include the Senior Obligated Group Members and Senior Designated Affiliates whose combined total net assets, as shown on their financial statements for their most recently completed fiscal year, were equal to or greater than 90% of the combined or consolidated net assets of the entire Senior Credit Group for the most recently completed Fiscal Year of the Senior Credit Group (the "Material Senior Credit Group Members"). Such financial statements:

1. may consist of financial statements reporting the financial results of Persons for disparate fiscal years;

2. may consist of (i) consolidated or combined financial results including one or more members of the Senior Credit Group and one or more other Persons required to be consolidated or combined with such member(s) of the Senior Credit Group under generally accepted accounting principles or (ii) special purpose financial statements including only members of the Senior Credit Group;

3. shall be audited by a firm of nationally recognized independent certified public accountants approved by the Senior Credit Group Representative as having been prepared in accordance with generally accepted accounting principles (except, in the case of special purpose financial statements, for required consolidations);

4. shall include a combined balance sheet, statement of operations and changes in net assets; and

5. if more than one financial statement is delivered to the Bond Trustee pursuant to this clause (a), each such financial statement shall contain, as "other financial information," a combining or consolidating schedule from which financial information solely relating to the members of the Senior Credit Group may be derived.

If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Limited Offering Memorandum (defined below), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless a single financial statement (including a single special purpose financial statement) is delivered pursuant to clause (a) above for the entire Senior Credit Group, an unaudited balance sheet, statement of operations and changes in net assets for such Fiscal Year for the Senior Credit Group, prepared by Ascension based on (1) for all Material Senior Credit Group Members which have the same fiscal year as the Fiscal Year of the Senior Credit Group Representative, the accompanying unaudited combining or consolidating schedules delivered with the audited financial statements described in clause (a) above and (2) for all other Senior Credit Group Members, unaudited financial statements for such Fiscal Year (including, at the option of the Senior Credit Group Representative, Senior Credit Group Members that are not Material Senior Credit Group Members, whether or not financial statements were for such Senior Credit Group Members were included in the Annual Report pursuant to clause (a) above).

(c) An update of the following information contained in Appendix A to the Limited Offering Memorandum, dated November 16, 2006 (the "Limited Offering Memorandum"), related to the Bonds:

1. the sources of revenue for Ascension.

2. the investment income, cash and investments of the Senior Credit Group for the immediately preceding Fiscal Year of the Senior Credit Group, as shown in the first and fifth paragraph under the caption "Liquidity; Investment Policies and Income."

3. utilization information for the Senior Credit Group Members, as shown under the heading "Historical Utilization."

(d) Any or all of the items listed in (a) – (c) above may be included by specific reference to other documents, including limited offering memoranda or official statements of debt issues with respect to which Ascension is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final limited offering memorandum or official statement, it must be available from the Municipal Securities Rulemaking Board. Ascension shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, Ascension shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. modifications to rights of Bondholders;

4. optional, contingent or unscheduled bond calls;

5. defeasances;

6. rating changes;

7. adverse tax opinions or events affecting the tax-exempt status of the Bonds;

8. unscheduled draws on debt service reserves reflecting financial difficulties;

9. unscheduled draws on credit enhancements reflecting financial difficulties;

10. substitution of credit or liquidity providers, or their failure to perform;

11. release, substitution or sale of property securing repayment of the Bonds.

(b) The Bond Trustee shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that Ascension promptly notify the Bond Trustee in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever Ascension obtains knowledge of the occurrence of a Listed Event, because of a notice from the Bond Trustee pursuant to subsection (b) or otherwise, Ascension shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If Ascension has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, Ascension shall promptly notify the Dissemination Agent and the Bond Trustee in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), Ascension determines that the Listed Event would not be material under applicable federal securities laws, Ascension shall so notify the Dissemination Agent and the Bond Trustee in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by Ascension to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repositories with a copy to Ascension. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. Ascension's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If Ascension's obligations under the Senior Supplement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were Ascension and Ascension shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, Ascension shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. Ascension may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by Ascension pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Bond Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Bond Trustee.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, Ascension and the Bond Trustee may amend this Disclosure Agreement (and the Bond Trustee shall agree to any amendment so requested by Ascension) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of the Bond Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, Ascension shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by Ascension. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent Ascension from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement.

If Ascension chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, Ascension shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of Ascension, the Bond Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Bond Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause Ascension, the Bond Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of Ascension, the Bond Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Bond Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Bond Trustee or the Bond Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and Ascension agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of Ascension under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Filings. Any filing under this Disclosure Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To Ascension:

Ascension Health
4600 Edmundson Road
St. Louis, Missouri 63134
Attention: Senior Vice President and Chief Financial Officer
Telephone: (314) 733-8000
Fax: (314) 733-8013

To the Bond Trustee:

Wells Fargo Bank, National Association
Sixth Street and Marquette Avenue
MAC #N9303-110
Minneapolis, MN 55479-0069
Attention: Corporate Trust Department
Telephone: (612) 667-9090
Fax: (612) 667-2160

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, Ascension, the Bond Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ASCENSION HEALTH

By_____

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Bond Trustee

By_____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:

Name of Bond Issue:

Name of Borrower: Ascension Health

Date of Issuance: November 16, 2006

NOTICE IS HEREBY GIVEN that Ascension Health has not provided an Annual Report with respect to the above-named Bonds as required by Section ___ of the Bond Indenture, dated as of November 1, 2006, between the Issuer and Wells Fargo Bank, National Association, and by Section __ of the Supplemental Senior Master Indenture for Senior Master Indenture Obligation No. __, dated as of November 1, 2006, between Ascension Health and U.S. Bank National Association. [Ascension anticipates that the Annual Report will be filed by _____.]

Dated:_____

Wells Fargo Bank, National Association, on behalf of Ascension Health

By: _____

cc: Ascension Health

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Appendix E

Form of Opinions of Orrick, Herrington & Sutcliffe LLP

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November 16, 2006

Indiana Health And Educational Facility Financing Authority
Indianapolis, Indiana

Indiana Health And Educational Facility Financing Authority
Revenue Bonds
(Ascension Health Senior Credit Group),
Series 2006B-1, Series 2006B-2, Series 2006B-3, Series 2006B-7 and Series 2006B-8
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Indiana Health And Educational Facility Financing Authority (the "Issuer") in connection with the issuance by the Issuer of $276,260,000 aggregate principal amount of Revenue Bonds (Ascension Health Senior Credit Group), Series 2006B-1, Series 2006B-2, Series 2006B-3, Series 2006B-7 and Series 2006B-8 (the "Bonds"), issued pursuant to the provisions of Indiana Code 5-1-16 and a bond indenture, dated as of November 1, 2006 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as bond trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the purpose of making a loan of the proceeds thereof to Ascension Health pursuant to a loan agreement, dated as of November 1, 2006 (the "Loan Agreement"), between the Issuer and Ascension Health. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the Loan Agreement; the Tax Certificate and Agreement, dated the date hereof (the "Tax Agreement"), between the Issuer and Ascension Health; opinions of counsel to the Issuer, Ascension Health and the Senior Members; certificates of the Issuer, the Trustee, Ascension Health and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of O'Keefe Lyons & Hynes, LLC, special counsel to Ascension Health and the other Senior Members, regarding, among other matters, the current qualification of Ascension Health and of certain Senior Members as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that such opinion is subject to a number of qualifications and limitations. We have also relied upon representations

of Ascension Health regarding the use of the facilities financed with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of Ascension Health and the other Senior Members within the meaning of Section 513 of the Code. We note that the opinion of special counsel to Ascension Health and the other Senior Members does not address Section 513 of the Code. Failure of Ascension Health and certain Senior Members to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code, or use of the bond-financed facilities in activities that are considered unrelated trade or business activities of Ascension Health and the other Senior Members within the meaning of Section 513 of the Code, may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

The interest rate mode and certain agreements, requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility

for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Indenture (except the Rebate Fund and the Bond Purchase Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Indenture also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the Bonds, of the right, title, and interest of the Issuer in the Loan Agreement (to the extent more particularly described in the Indenture).

3. The Loan Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Issuer.

4. The Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge and assignment. Neither the faith and credit nor the taxing power of the State of Indiana or of any other political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from personal income taxation by the State of Indiana, except that no opinion is expressed as to the status of interest on any Bond if and to the extent that such Bond is held by a Swap Counterparty Affiliate. "Swap Counterparty Affiliate" means, in the case of the Series 2006B-1, Series 2006B-7 and Series 2006B-8 Bonds, (a) initially, Citibank, N.A., New York (the "Initial Citibank Swap Provider"), as counterparty to the Confirmation, dated November 2, 2006, between the Initial Citibank Swap Provider and Ascension Health, in a notional amount of $155,630,000, delivered pursuant to that certain Master Agreement and Schedule dated as of January 13, 2003, between Ascension Health and the Initial Citibank Swap Provider (the "Initial Citibank Swap"), (ii) in the event of the termination of the Initial Citibank Swap, any counterparty to an interest rate swap agreement relating to such Bonds in substantially the same form as the Initial Citibank Swap (the "Replacement Citibank Swap Provider"), and (iii) any person with a relationship between such person and either the Initial Citibank Swap Provider or the Replacement Citibank Swap Provider that would result in a disallowance of losses under Section 267 or 707(b) of the Code, or any person which is a member of the same controlled group of corporations as the Initial Citibank Swap Provider or the Replacement Citibank Swap Provider, as defined in Section 1563(a) of the Code. "Swap Counterparty Affiliate" means, in the case of the Series 2006B-2 and Series 2006B-3 Bonds, (a) initially, Morgan Stanley & Co. Incorporated (the "Initial Morgan Stanley Swap Provider"), as

counterparty to the Confirmation, dated November 2, 2006, between the Initial Morgan Stanley Swap Provider and Ascension Health, in a notional amount of $155,630,000, delivered pursuant to that certain Master Agreement and Schedule dated as of August 14, 2002, between Ascension Health and the Initial Morgan Stanley Swap Provider (the "Initial Morgan Stanley Swap"), (ii) in the event of the termination of the Initial Morgan Stanley Swap, any counterparty to an interest rate swap agreement relating to such Bonds in substantially the same form as the Initial Morgan Stanley Swap (the "Replacement Morgan Stanley Swap Provider"), and (iii) any person with a relationship between such person and either the Initial Morgan Stanley Swap Provider or the Replacement Morgan Stanley Swap Provider that would result in a disallowance of losses under Section 267 or 707(b) of the Code, or any person which is a member of the same controlled group of corporations as the Initial Morgan Stanley Swap Provider or the Replacement Morgan Stanley Swap Provider, as defined in Section 1563(a) of the Code. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

November 16, 2006

Alabama Special Care Facilities Financing
Authority of Birmingham
Birmingham, Alabama

Alabama Special Care Facilities Financing Authority
of Birmingham Revenue Bonds
(Ascension Health Senior Credit Group), Series 2006C-1
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Alabama Special Care Facilities Financing Authority of Birmingham (the "Issuer") in connection with the issuance of $35,000,000 aggregate principal amount of Alabama Special Care Facilities Financing Authority of Birmingham Revenue Bonds (Ascension Health Senior Credit Group), Series 2006C-1 (the "Bonds"), issued pursuant to the provisions of Chapter 62, Title 11, Section 11-62-1, *et seq.* of the Code of Alabama 1975 and a bond indenture, dated as of November 1, 2006 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as bond trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the purpose of making a loan of the proceeds thereof to Ascension Health pursuant to a loan agreement, dated as of November 1, 2006 (the "Loan Agreement"), between the Issuer and Ascension Health. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the Loan Agreement; the Tax Certificate and Agreement, dated the date hereof (the "Tax Agreement"), between the Issuer and Ascension Health; opinions of counsel to the Issuer, Ascension Health and the Senior Members; certificates of the Issuer, the Trustee, Ascension Health and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of O'Keefe Lyons & Hynes, LLC, special counsel to Ascension Health and the other Senior Members, regarding, among other matters, the current qualification of Ascension Health and of certain Senior Members as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that such opinion is subject to a number of qualifications and limitations. We have also relied upon representations of Ascension Health regarding the use of the facilities financed with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of Ascension Health and

the other Senior Members within the meaning of Section 513 of the Code. We note that the opinion of special counsel to Ascension Health and the other Senior Members does not address Section 513 of the Code. Failure of Ascension Health and certain Senior Members to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code, or use of the bond-financed facilities in activities that are considered unrelated trade or business activities of Ascension Health and the other Senior Members within the meaning of Section 513 of the Code, may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

The interest rate mode and certain agreements, requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Limited Offering Memorandum or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Indenture (except the Rebate Fund and the Bond Purchase Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Indenture also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the Bonds, of the right, title, and interest of the Issuer in the Loan Agreement (to the extent more particularly described in the Indenture).

3. The Loan Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Issuer.

4. The Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge and assignment. Neither the faith and credit nor the taxing power of the State of Alabama or of any other political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from taxation by the State of Alabama or any county, municipality or other political subdivision or instrumentality of the State of Alabama, excepting inheritance, estate and gift taxes, except that no opinion is expressed as to the status of interest on any Bond if and to the extent that such Bond is held by a Swap Counterparty Affiliate. "Swap Counterparty Affiliate" means (i) initially, Citibank, N.A., New York (the "Initial Swap Provider"), as counterparty to the Confirmation, dated November 2, 2006, between the Initial Swap Provider and Ascension Health, in a notional amount of $155,630,000, delivered pursuant to that certain Master Agreement and Schedule dated as of January 13, 2003, between Ascension Health and the Swap Provider (the "Initial Swap"), (ii) in the event of the termination of the Initial Swap, any counterparty to an interest rate swap agreement relating to the Bonds in substantially the form as the Initial Swap (the "Replacement Swap Provider"), and (iii) any person with a relationship between such person and either the Initial Swap Provider or the Replacement Swap Provider that would result in a disallowance of losses under Section 267 or 707(b) of the Code, or any person which is a member of the same controlled group of corporations as the Initial Swap Provider or the Replacement Swap Provider, as defined in Section 1563(a) of the Code. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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Appendix F

Summary of Certain Provisions Relating to the Auction Rate Securities

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS RELATING TO THE AUCTION RATE SECURITIES

The following is a summary of certain provisions of the Bond Indentures relating to each Series of the Bonds while they bear interest as Auction Rate Securities. This summary is not intended to be a full statement of the terms of the applicable Bond Indentures and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not previously defined elsewhere in the Limited Offering Memorandum (including the other appendices hereto) or defined in this Appendix E have the meanings set forth in the applicable Bond Indenture. Copies of the Bond Indentures may be obtained from the Bond Trustee.

Section 1. Certain Definitions Relating to the Auction Rate Securities

Capitalized terms used in this Appendix and elsewhere in this Limited Offering Memorandum have the meanings set forth below. Capitalized terms used but not defined in this Appendix or elsewhere in this Limited Offering Memorandum have the meanings given in the applicable Bond Indenture, or in the forms of the Auction Agent Agreement or the Broker Dealer Agreements, as applicable.

"All-Hold Rate" means, on any date of determination, the interest rate per annum equal to 60% (as such percentage may be adjusted pursuant to the applicable Bond Indenture) of the Index.

"Applicable ARS Rate" means, with respect to any Series of Bonds which are ARS, the rate per annum at which interest accrues on the Bonds of such Series for any ARS Interest Period.

"ARS" or "Auction Rate Securities" means, on any date, all Bonds of any Series which on such date bear interest as auction rate securities as provided in the applicable Bond Indenture and the Auction Procedures applicable thereto.

"ARS Beneficial Owner" means the Person who is the beneficial owner of ARS according to the records of (i) the Securities Depository or its participants while such ARS are in book-entry form or (ii) the Bond Trustee while such ARS are not in book-entry form.

"ARS Defaulted Interest" means interest on any ARS which is payable but is not punctually paid or duly provided for on any ARS Interest Payment Date.

"ARS Interest Payment Date" means, when used with respect to ARS in an Auction Period other than a Special Auction Period, the Business Day immediately following each Auction Period, and, when used with respect to a Special Auction Period of seven days or more but fewer than 183 days, the Business Day immediately following such Special Auction Period, and, when used with respect to a Special Auction Period of 183 days or more, each May 15 and November 15 and on the Business Day immediately following such Special Auction Period.

"ARS Interest Period" means, with respect to each Series of ARS, the period commencing on and including an ARS Interest Payment Date and ending on the day immediately preceding the next succeeding ARS Interest Payment Date; provided, that the first ARS Interest Period within each ARS Interest Rate Period shall commence on and include the Conversion Date.

"ARS Interest Rate" means the interest rate on ARS of any Series determined as provided in the applicable Bond Indenture and the Auction Procedures.

"ARS Interest Rate Period" means each period during which the Bonds of a Series are ARS.

"ARS Maximum Rate" means 15% per annum; provided, that in no event shall the ARS Maximum Rate be more than the Maximum Lawful Rate.

"ARS Payment Default" means any failure by the Applicable Issuer to make the timely payment of the principal of or interest on ARS when due.

"Auction" means the implementation of the Auction Procedures on an Auction Date.

"Auction Agent" means any Person meeting the requirements of the applicable Bond Indenture (as described in Section 4 below) which is a party to an Auction Agent Agreement and agrees with the Bond Trustee to perform the duties of the Auction Agent with respect to a Series of ARS. When used at a time when more than one Auction Agent is acting under the applicable Bond Indenture, the term "the Auction Agent" means, as the context dictates, either all such Auction Agents, collectively, or the Auction Agent acting with respect to the applicable Series of ARS.

"Auction Agent Agreement" means any agreement with an Auction Agent in substantially the form attached to the applicable Bond Indenture, as amended or supplemented from to time to time.

"Auction Date" means, with respect to each Series of ARS, the Business Day immediately preceding the first day of each Auction Period, other than:

(i) each Auction Period commencing after the ownership of such Series of ARS is no longer maintained in book-entry form by a Securities Depository;

(ii) each Auction Period commencing after the occurrence and during the continuance of an ARS Payment Default; or

(iii) any Auction Period commencing less than two Business Days after the cure or waiver of an ARS Payment Default.

The Auction Date determined as provided in this definition may be adjusted as provided in the applicable Bond Indenture.

"Auction Period" means (i) with respect to ARS in a seven-day mode, any of (A) a period, generally of seven days, beginning on and including a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on and including the Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (B) a period, generally of seven days, beginning on and including a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on and including the Monday thereafter (unless such Monday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (C) a period, generally of seven days, beginning on and including a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on and including the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (D) a period, generally of seven days, beginning on and including a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on and including the Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day) or (E) a period, generally of seven days, beginning on and including a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on and including the Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day); (ii) with respect to ARS in a 28-day mode, any of (A) a period, generally of 28 days, beginning on and including a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on and including the fourth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (B) a period, generally of 28 days, beginning on and including a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on and including the fourth Monday

thereafter (unless such Monday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (C) a period, generally of 28 days, beginning on and including a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on and including the fourth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (D) a period, generally of 28 days, beginning on and including a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on and including the fourth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day) or (E) a period, generally of 28 days, beginning on and including a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on and including the fourth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day); (iii) with respect to ARS in a 35-day mode, any of (A) a period, generally of 35 days, beginning on and including a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on and including the fifth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (B) a period, generally of 35 days, beginning on and including a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on and including the fifth Monday thereafter (unless such Monday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (C) a period, generally of 35 days, beginning on and including a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on and including the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (D) a period, generally of 35 days, beginning on and including a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on and including the fifth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day) or (E) a period, generally of 35 days, beginning on and including a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on and including the fifth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day) and (iv) a Special Auction Period; provided, however, that in the event of a Conversion of a Series of Bonds from another Interest Rate Period to an ARS Interest Rate Period the initial Auction Period following such Conversion shall begin on and include the Conversion Date.

"Auction Rate" means, with respect to the interest rate on a Series of ARS, the rate of interest per annum that results from implementation of the Auction Procedures with respect to such Series, and determined as described in Section 2(c)(ii) of the Auction Procedures; provided, however, that the Auction Rate with respect to such Series shall not exceed the ARS Maximum Rate. While Auction Procedures are suspended, the Auction Rate will be determined as otherwise described in the applicable Bond Indenture.

"Available Series ARS" has the meaning set forth in Section 2(c)(i)(A) hereof.

"Bid" has the meaning set forth in Section 2(a)(i) hereof.

"Bidder" has the meaning set forth in Section 2(a)(i) hereof.

"Broker-Dealer" means any broker or dealer (each as defined in the Securities Exchange Act of 1934), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures which (i) is a participant in or member of the Securities Depository as determined by the rules or bylaws of the Securities Depository (or an affiliate of such a participant or member), (ii) has been appointed as such by Ascension Health pursuant to the applicable Bond Indenture, and (iii) has entered into a Broker-Dealer Agreement that is in effect on the date of reference. When used at a time when more than one Broker-Dealer is acting under the applicable Bond Indenture, the term "the Broker-Dealer" means, as the context dictates, either all such Broker-Dealers collectively, or only each Broker-Dealer acting with respect to the applicable Series of ARS.

"Broker-Dealer Agreement" means each agreement between the Bond Trustee and a Broker-Dealer in substantially the form attached to the Auction Agent Agreement pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented.

"Buyer's Broker-Dealer" has the meaning set forth in Section 3(a)(iv) hereof.

"Existing Holder" means, with respect to any Auction, a Person who is the Beneficial Owner of ARS at the close of business on the Business Day immediately preceding such Auction; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as an Existing Owner.

"Hold Order" has the meaning set forth in Section 2(a)(i) hereof.

"Index" means, on any Auction Date with respect to a Series of Bonds in any Auction Period of 35 days or less, the One Month LIBOR Rate on such date and, with respect to ARS in any Auction Period of more than 35 days, the yield on United States Treasury securities on the date the Auction Period began which has a maturity which most closely matches the last day of the Auction Period. If such rate is unavailable, the Index means an index or rate agreed to by all Broker-Dealers. If for any reason on any Auction Date the Index shall not be determined as provided above, the Index shall mean the Index for the Auction Period ending on such Auction Date.

"Maximum Lawful Rate" means the maximum rate of interest on the relevant obligation permitted by applicable law.

"Non-Payment Rate" means 15% per annum; provided, that in no event shall the Non-Payment Rate be more than the Maximum Lawful Rate.

"One Month LIBOR Rate" means, as of any date of determination, the offered rate (rounded up to the next highest 0.001%) for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

"Order" has the meaning set forth in Section 2(a)(i) hereof.

"Potential Holder" means, with respect to any Auction, any Person, including any Existing Holder, who may be interested in acquiring a beneficial interest in ARS of a Series subject to such Auction in addition to the ARS of such Series, if any, currently owned by such Person.

"Sell Order" has the meaning set forth in Section 2(a)(i) hereof.

"Seller's Broker-Dealer" has the meaning set forth in Section 3(a)(iii) hereof.

"Series ARS" has the meaning given in the Auction Agreement.

"Special Auction Period" means, with respect to ARS, (a) any period of less than 183 days which is not another Auction Period and which is divisible by seven and which begins on an Interest Payment Date and ends (i) in the case of ARS with Auctions generally conducted on Fridays, on a Sunday unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (ii) in the case of ARS with Auctions generally conducted on Mondays, on a Monday unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iii) in the case of ARS with Auctions generally conducted on Tuesdays, on a Tuesday unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iv) in the case of ARS with Auctions generally conducted on Wednesdays, on a Wednesday unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, and (v) in the

case of ARS with Auctions generally conducted on Thursdays, on a Thursday unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day or (b) any period which is 183 days or longer which begins on an Interest Payment Date and ends not later than the day prior to the final scheduled maturity date of ARS.

"Submission Deadline" has the meaning set forth in Section 2.4 of the Auction Agreement.

"Submitted Bid" has the meaning set forth in Section 2(c)(i) hereof.

"Submitted Hold Order" has the meaning set forth in Section 2(c)(i) hereof.

"Submitted Order" has the meaning set forth in Section 2(c)(i) hereof.

"Submitted Sell Order" has the meaning set forth in Section 2(c)(i) hereof.

"Sufficient Clearing Bids" has the meaning set forth in Section 2(c)(i)(B) hereof.

"Winning Bid Rate" has the meaning set forth in Section 2(c)(i)(C) hereof.

Section 2. Auction Procedures

So long as the ownership of the Series ARS is maintained in book-entry form by the Securities Depository, an Existing Holder may sell, transfer or otherwise dispose of Series ARS only pursuant to a Bid or Sell Order placed in an Auction or through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer. Subject to the provisions of the applicable Bond Indenture, Auctions shall be conducted on each Auction Date, if there is an Auction Agent on such Auction Date, in the following manner:

(a) (i) Prior to the Submission Deadline on each Auction Date:

(A) each Existing Holder of Series ARS may submit to a Broker-Dealer by telephone or otherwise any information as to:

(I) the principal amount of outstanding Series ARS, if any, held by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding ARS Interest Period;

(II) the principal amount of outstanding Series ARS, if any, which such Existing Holder offers to sell if the Auction Rate for the next succeeding ARS Interest Period shall be less than the rate per annum specified by such Existing Holder; and/or

(III) the principal amount of outstanding Series ARS, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding ARS Interest Period; and

(B) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of Series ARS which each Potential Holder offers to purchase, if the Auction Rate for the next succeeding ARS Interest Period shall not be less than the rate per annum specified by such Potential Holder.

The statement of an Existing Holder or a Potential Holder referred to in (A) or (B) of this paragraph (i) is hereinafter referred to as an "Order," and each Existing Holder and each Potential Holder placing an Order is hereinafter referred to as a "Bidder"; an Order described in clause (A)(I) is hereinafter referred to as a "Hold Order"; an Order described in clause (A)(II) or (B) is hereinafter referred to as a "Bid"; and an Order described in clause (A)(III) is hereinafter referred to as a "Sell Order."

(ii) (A) Subject to the provisions of Section 2(b) hereof, a Bid by an Existing Holder shall constitute an irrevocable offer to sell (in each case for settlement in same day funds on the next ARS Interest Payment Date therefor at a price equal to 100% of the principal amount thereof):

(I) the principal amount of outstanding Series ARS specified in such Bid if the Auction Rate determined as provided herein shall be less than the rate specified in such Bid; or

(II) such principal amount or a lesser principal amount of outstanding Series ARS to be determined as set forth in Section 2(d)(i)(D), if the Auction Rate determined as provided herein shall be equal to the rate specified in such Bid; or

(III) such principal amount or a lesser principal amount of outstanding Series ARS to be determined as set forth in Section 2(d)(ii)(C) if the rate specified therein shall be higher than the ARS Maximum Rate and Sufficient Clearing Bids have not been made.

(B) Subject to the provisions of Section 2(b) hereof, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell (in each case for settlement in same day funds on the next ARS Interest Payment Date therefor at a price equal to 100% of the principal amount thereof):

(I) the principal amount of outstanding Series ARS specified in such Sell Order if Sufficient Clearing Bids exist; or

(II) such principal amount or a lesser principal amount of outstanding Series ARS set forth in Section 2(d)(ii)(C), if Sufficient Clearing Bids have not been made.

(C) Subject to the provisions of Section 2(b) hereof, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase (in each case for settlement in same day funds on the next ARS Interest Payment Date therefor at a price equal to 100% of the principal amount thereof):

(I) the principal amount of outstanding Series ARS specified in such Bid if the Auction Rate determined as provided herein shall be higher than the rate specified in such Bid; or

(II) such principal amount or a lesser principal amount of outstanding Series ARS set forth in Section 2(d)(i)(E), if the Auction Rate determined as provided herein shall be equal to the rate specified in such Bid.

(b) (i) Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

(C) the name of the Bidder placing such Order;

(D) the aggregate principal amount of Series ARS that are the subject of such Order;

(E) to the extent that such Bidder is an Existing Holder:

(I) the principal amount of Series ARS, if any, subject to any Hold Order placed by such Existing Holder;

(II) the principal amount of Series ARS, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(III) the principal amount of Series ARS, if any, subject to any Sell Order placed by such Existing Holder; and

(F) to the extent such Bidder is a Potential Holder, the rate specified in such Potential Holder's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next higher one thousandth (.001) of 1%.

(iii) If an Order or Orders covering all outstanding Series ARS held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of outstanding Series ARS held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) Neither Ascension Health, the Applicable Issuer, the Bond Trustee nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder, nor shall any such party be responsible for failure by any Securities Depository to effect any transfer or to provide the Auction Agent with current information regarding registration of transfers.

(v) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of outstanding Series ARS held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(G) All Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of outstanding Series ARS held by such Existing Holder, and if the aggregate principal amount of Series ARS subject to such Hold Orders exceeds the aggregate principal amount of Series ARS held by such Existing Holder, the aggregate principal amount of Series ARS subject to each such Hold Order shall be reduced so that the aggregate principal amount of Series ARS subject to such Hold Orders equals the aggregate principal amount of outstanding Series ARS held by such Existing Holder.

(B) (I) any Bid shall be considered valid up to and including the excess of the principal amount of outstanding Series ARS held by such Existing Holder over the aggregate principal amount of Series ARS subject to any Hold Order referred to in subsection (v)(A) above;

(II) subject to subsection (v)(B)(I) above, if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of outstanding Series ARS subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess;

(III) subject to subsections (v)(B)(I) and (v)(B)(II) above, if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(IV) in any such event, the amount of outstanding Series ARS, if any, subject to Bids not valid under this subsection (B) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(C) All Sell Orders shall be considered valid up to and including the excess of the principal amount of outstanding Series ARS held by such Existing Holder over the aggregate principal amount of Series ARS subject to Hold Orders referred to in subsection (v)(A) and valid Bids referred to in subsection (v)(B).

(vi) If more than one Bid for Series ARS is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Series ARS not equal to an Authorized Denomination shall be rejected and shall be deemed a Hold Order.

Any Bid submitted by a Potential Holder covering an aggregate principal amount of Series ARS not equal to an Authorized Denomination shall be rejected.

(viii) Any Bid specifying a rate higher than the ARS Maximum Rate will be treated as a Sell Order if submitted by an Existing Holder and will not be accepted if submitted by a Potential Holder. Any Bid submitted by an Existing Holder or on behalf of a Potential Holder specifying a rate lower than the All-Hold Rate shall be considered as valid and shall be selected in the ascending order of their respective rates contained in the Submitted Bids.

(ix) [Reserved].

(c) (i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order" and collectively as "Submitted Hold Orders," "Submitted Bids" or "Submitted Sell Orders," as the case may be, or as "Submitted Orders") and shall determine:

(H) the excess of the total principal amount of outstanding Series ARS over the sum of the aggregate principal amount of outstanding Series ARS subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available Series ARS"), and

(I) from the Submitted Orders whether:

(I) the aggregate principal amount of outstanding Series ARS subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the ARS Maximum Rate

exceeds or is equal to the sum of:

(II) the aggregate principal amount of outstanding Series ARS subject to Submitted Bids by Existing Holders specifying one or more rates higher than the ARS Maximum Rate, and

(III) the aggregate principal amount of outstanding Series ARS subject to Submitted Sell Orders

(in the event such excess or such equality exists, other than because all of the outstanding Series ARS are subject to Submitted Hold Orders, such Submitted Bids described in subclause (I) above shall be referred to collectively as "Sufficient Clearing Bids"); and

(J) if Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (the "Winning Bid Rate") such that if:

(I) (aa) each such Submitted Bid from Existing Holders specifying such lowest rate and (bb) all other Submitted Bids from Existing Holders specifying lower rates were rejected, thus entitling such Existing Holders to continue to hold the principal amount of Series ARS subject to such Submitted Bids, and

(II) (aa) each such Submitted Bid from Potential Holders specifying such lowest rate and (bb) all other Submitted Bids from Potential Holders specifying lower rates were accepted,

the result would be that such Existing Holders described in subsection (C)(I) above would continue to hold an aggregate principal amount of outstanding Series ARS which, when added to the aggregate principal amount of outstanding Series ARS to be purchased by such Potential Holders described in subsection (C)(II) above, would equal not less than the Available Series ARS.

(ii) Promptly after the Auction Agent has made the determinations pursuant to Section 2(c)(i) hereof, the Auction Agent shall advise the Broker-Dealer and the Bond Trustee of the All-Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding ARS Interest Period as follows:

(K) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding ARS Interest Period shall be equal to the Winning Bid Rate so determined;

(L) if Sufficient Clearing Bids do not exist (other than because all of the outstanding Series ARS are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding ARS Interest Period shall be equal to the ARS Maximum Rate; or

(M) if all outstanding Series ARS are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding ARS Interest Period shall be equal to the All-Hold Rate.

(d) Existing Holders shall continue to hold the principal amount of Series ARS that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to Section 2(c)(i) hereof, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) if Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of Sections 2(d)(iv) and 2(d)(v), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(N) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of Series ARS subject to such Submitted Bids;

(O) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Series ARS subject to such Submitted Bids;

(P) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted;

(Q) each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Series ARS subject to such Submitted Bid, unless the aggregate principal amount of outstanding Series ARS subject to all such Submitted Bids shall be greater than the principal amount of Series ARS (the "remaining principal amount") equal to the excess of the Available Series ARS over the aggregate principal amount of Series ARS subject to Submitted Bids described in subsections (B) and (C) of this Section 2(d)(i), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of Series ARS subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of Series ARS obtained by multiplying the remaining principal amount by a fraction, the numerator of which shall be the principal amount of outstanding Series ARS held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of outstanding Series ARS subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(R) Each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted, but only in an amount equal to the principal amount of Series ARS obtained by multiplying the excess of the aggregate principal amount of Available Series ARS over the aggregate principal amount of Series ARS subject to Submitted Bids described in subsections (B), (C) and (D) of this Section 2(d)(i) by a fraction the numerator of which shall be the aggregate principal amount of outstanding Series ARS subject to such Submitted

Bid and the denominator of which shall be the sum of the principal amount of outstanding Series ARS subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the outstanding Series ARS are subject to submitted Hold Orders), subject to the provisions of Sections 2(d)(iv) and (v), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(S) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the ARS Maximum Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of Series ARS subject to such Submitted Bids;

(T) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the ARS Maximum Rate shall be accepted, and specifying any rate that is higher than the ARS Maximum Rate shall be rejected; and

(U) each Existing Holder's Submitted Bid specifying any rate that is higher than the ARS Maximum Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Series ARS subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Series ARS obtained by multiplying the aggregate principal amount of Series ARS subject to Submitted Bids described in subsection (B) of this Section 2(d)(ii) which are accepted by a fraction the numerator of which shall be the aggregate principal amount of outstanding Series ARS held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of outstanding Series ARS subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all outstanding Series ARS are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in Section 2(d)(i) or 2(d)(ii), any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of Series ARS that is not equal to an Authorized Denomination the Auction Agent shall, in such manner as in its sole discretion it shall determine, round up or down the principal amount of Series ARS to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of Series ARS purchased or sold by each Existing Holder or Potential Holder shall be equal to an Authorized Denomination.

(v) If, as a result of the procedures described in Section 2(d)(ii), any Potential Holder would be entitled or required to purchase less than an Authorized Denomination of Series ARS, the Auction Agent shall, in such manner as in its sole discretion it shall determine, allocate Series ARS for purchase among Potential Holders so that only Series ARS in Authorized Denominations are purchased by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing any Series ARS.

(vi) Ascension Health, the Applicable Issuer, Bond Trustee, Broker-Dealer and Auction Agent shall have no liability in the event that there are not Sufficient Clearing Bids from time to time pursuant to the Auction Procedures.

(e) Based on the result of each Auction, the Auction Agent shall determine the aggregate principal amount of Series ARS to be purchased and the aggregate principal amount of Series ARS to be sold by Potential Holders and Existing Holders on whose behalf each Broker-Dealer Submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of Series ARS to be sold differs from such aggregate principal amount of Series ARS to be purchased, determine to which other Broker-Dealer or Broker Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, Series ARS.

(f) Any calculation by the Auction Agent (or the Bond Trustee, if applicable) of the Applicable ARS Rate, the All-Hold Rate and the Non-Payment Rate shall, in the absence of manifest error, be binding on all ARS Beneficial Owners and all other parties.

Section 3. Settlement Procedures

(a) Not later than 3:00 p.m., New York City time, on each Auction Date, the Auction Agent shall notify by telephone (or by other means acceptable to the parties) each Broker-Dealer that participated in the Auction held on such Auction Date and submitted an Order on behalf of an Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next ARS Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Series ARS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Series ARS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Series ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order exceeds the aggregate principal amount of Series ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Buyer's Broker-Dealers (and the name of the Participant, if any, of each such Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Series ARS and the principal amount of Series ARS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such Buyer's Broker-Dealers acted;

(vi) if the principal amount of Series ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the aggregate principal amount of Series ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Participant, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Series ARS and the principal amount of Series ARS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted; and

(vii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Holder's Participant to pay to such Broker-Dealer (or its Participant) through the Securities Depository the amount necessary to purchase the principal amount of Series ARS to be purchased pursuant to such Bid against receipt of such Series ARS;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid

that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through the Securities Depository the principal amount of Series ARS to be sold pursuant to such Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next ARS Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to Section 3(a), each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it in connection with such Auction pursuant to Section 3(b)(ii), and any Series ARS received by it in connection with such Auction pursuant to Section 3(b)(iii) among the Potential Holders, if any, on whose behalf such Broker-Dealer Submitted Bids, the Existing Holders, if any on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to Section 3(a)(v) or 3(a)(vi).

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in Section 3(b)(ii) or 3(b)(iii), as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant of the Securities Depository shall instruct its Participant to (A) pay through the Securities Depository to the Participant of the Existing Holder delivering Series ARS to such Broker-Dealer following such Auction pursuant to Section 3(b)(iii) the amount necessary to purchase such Series ARS against receipt of such Series ARS, and (B) deliver such Series ARS through the Securities Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to Section 3(a)(v) against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to (A) pay through the Securities Depository to Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to Section 3(a)(vi) the amount necessary to purchase the Series ARS to be purchased pursuant to Section 3(b)(ii) against receipt of such Series ARS, and (B) deliver such Series ARS through the Securities Depository to the Participant of the purchaser thereof against payment therefor.

(e) On the Business Day following each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in Section 3(d)(i) shall instruct the Securities Depository to execute the transactions described under Section 3(b)(ii) or 3(b)(iii) for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in Section 3(d)(ii) for such Auction, and the Securities Depository shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in Section 3(d)(iii) for such Auction, and the Securities Depository shall execute such transactions.

(f) If an Existing Holder selling Series ARS in an Auction fails to deliver such Series ARS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Series ARS that is less than the principal amount of Series ARS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Series ARS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Series ARS shall constitute good delivery. Notwithstanding the foregoing terms of this subsection, any delivery or nondelivery of Series ARS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent Agreement and the Broker-Dealer Agreements.

Section 4. Auction Agent.

Any Auction Agent shall be (i) subject to the written approval of each Broker-Dealer, (ii) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, New York, or such other location as approved by the Bond Trustee and the Market Agent in writing and having a combined capital stock or surplus of at least $50,000,000, or (iii) a Member of the National Association of Securities Dealers, Inc., having a capitalization of at least $50,000,000, and, in either case, authorized by law to perform all the duties imposed upon it hereunder and under the Auction Agent Agreement. The Auction Agent may at any time resign as Auction Agent for a Series and be discharged of the duties and obligations created by the applicable Bond Indenture by giving at least 45 days' notice to the Bond Trustee, the Broker-Dealer, the Applicable Issuer, the Senior Credit Group Representative and Ascension Health. The Auction Agent may be removed as Auction Agent for a Series at any time by the Bond Trustee and, upon the written direction of (i) the Applicable Issuer, (ii) Ascension Health, (iii) the Senior Credit Group Representative or (iv) the ARS Beneficial Owners of 66-2/3% of the aggregate principal amount of the ARS of that Series then Outstanding, by an instrument signed by the Bond Trustee and filed with the Auction Agent, the Applicable Issuer, the Senior Credit Group Representative and Ascension Health upon at least 30 days' notice. Neither the resignation nor the removal of the Auction Agent pursuant to the preceding two sentences shall be effective until and unless a substitute Auction Agent has been appointed and has accepted such appointment. If required by a Broker-Dealer, a substitute Auction Agent Agreement shall be entered into with a substitute Auction Agent. Notwithstanding the foregoing, the Auction Agent may terminate the Auction Agent Agreement if, within 45 days after notifying the Bond Trustee, the Applicable Issuer, the Senior Credit Group Representative, Ascension Health and the Broker-Dealers in writing that it has not received payment of any Auction Agent Fee due it in accordance with the terms of the Auction Agent Agreement, the Auction Agent does not receive such payment. The Bond Trustee shall not be liable for any action taken, suffered or omitted by the Auction Agent.

If the Auction Agent shall resign or be removed or be dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Bond Trustee, at the direction of Ascension Health, shall use its best efforts to appoint a substitute Auction Agent. Subject to the provisions described in the first paragraph of this section above, the Auction Agent may be removed at any time, at the written request of Ascension Health for any breach of its obligations under the applicable Bond Indenture or under the Auction Agent Agreement.

Section 5. Broker-Dealers

Ascension Health may, from time to time, appoint one or more Persons to serve as Broker-Dealers under Broker-Dealer Agreements and shall be responsible for providing such Broker-Dealer Agreements to the Bond Trustee and the Auction Agent. Any Broker-Dealer may be removed at any time at the written request of Ascension Health.

Section 6. Amendment of ARS Provisions.

Notwithstanding any other provision of the applicable Bond Indenture relating to ARS, including without limitation the mandatory tender provisions and the definitions of terms used in the applicable Bond Indenture (including without limitation the definitions of Applicable ARS Rate, All-Hold Rate, ARS Maximum Rate and Non-Payment Rate), the ARS provisions may be amended by the Applicable Issuer at the written request of Ascension Health, (i) upon obtaining an Opinion of Counsel that the same does not materially adversely affect the rights of the

ARS Beneficial Owners or (ii) by obtaining the consent of a majority of the ARS Beneficial Owners and, in each case, delivering a Favorable Opinion of Bond Counsel. In the case of clause (ii) above, the Bond Trustee shall mail notice of such amendment to the ARS Beneficial Owners of which it has knowledge and if, on the first Auction Date occurring at least 20 days after the date on which the Bond Trustee mailed such notice, Sufficient Clearing Bids have been received or all of the ARS are subject to Submitted Hold Orders, the proposed amendment shall be deemed to have been consented to by the ARS Beneficial Owners. Written notice of each such amendment shall be delivered by the Applicable Issuer to the Bond Trustee, Ascension Health, the Auction Agent and each Broker-Dealer.

Section 7. Changes in Auction Period or Auction Date.

(1) Changes in Auction Period.

(a) The Auction Period for each Series of Bonds with respect to each ARS Interest Rate Period, if any, for such Series shall commence on the Conversion Date and shall be either a seven-day period, a 28-day period, a 35-day period or a Special Auction Period commencing generally on a Monday, generally on a Tuesday, generally on a Wednesday, generally on a Thursday or generally on a Friday, in each case as announced by Ascension Health in its notice of the proposed Conversion to such subsequent ARS Interest Rate Period as provided in the applicable Bond Indenture.

(b) During any ARS Interest Rate Period, Ascension Health may from time to time on any ARS Interest Payment Date with respect to a Series of ARS, change the length of the Auction Period with respect to all of the Bonds of such Series between seven-days, 28-days, 35-days or a Special Auction Period or change the first day of each Auction Period, or both, in each case in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by the Bonds of such Series. Ascension Health shall initiate the change in the length or day of commencement of the Auction Period, or both, by giving written notice to the Bond Trustee, the Applicable Issuer, the Auction Agent, the Broker-Dealer, and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least three Business Days prior to the Auction Date for such Auction Period.

(c) Any such changed Auction Period shall be for a period of seven days, 28 days, 35 days or a Special Auction Period and shall be for all of the Bonds of a Series.

(d) The change in length of the Auction Period for any Series of Bonds shall take effect only if Sufficient Clearing Bids exist at the Auction on the Auction Date for the first such Auction Period and the Bond Trustee receives a Favorable Opinion of Bond Counsel with respect to such change on or before such Auction Date. For purposes of the Auction for such first Auction Period only, each Existing Holder shall be deemed to have submitted Sell Orders with respect to all of its ARS of such Series except to the extent such Existing Holder submits a Hold Order with respect to such ARS. If the condition referred to in the first sentence of this clause (d) is not met, the Auction Rate for the next Auction Period shall be the ARS Maximum Rate, and the Auction Period shall be the Auction Period already in effect.

(2) Changes in Auction Date.

During any ARS Interest Rate Period, Ascension Health may specify an earlier Auction Date for any Business Day earlier (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the applicable Series of ARS. Ascension Health shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Bond Trustee, the Broker-Dealer and the Securities Depository accompanied by a Favorable Opinion of Bond Counsel with respect to such change.

Appendix G

Information Regarding Book-Entry Only System

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BOOK-ENTRY ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX G HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUERS, ASCENSION HEALTH, ANY OTHER SENIOR CREDIT GROUP MEMBER, THE BOND TRUSTEE OR THE PLACEMENT AGENT AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

The Depository Trust Company ("DTC") New York, New York, will act as securities depository for the Series 2006 Bonds. The Series 2006 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each Series of the Series 2006 Bonds set forth on the pages immediately following the cover page of this Limited Offering Memorandum, each in the aggregate principal amount of such Series, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2006 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2006 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are however expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2006 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the Series 2006 Bonds, except in the event that use of the book-entry system for the Series 2006 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2006 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2006 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2006 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2006 Bonds are credited, which may or may not be the Beneficial

Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2006 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2006 Bonds, such as redemptions, tenders defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series 2006 Bonds may wish to ascertain that the nominee holding the Series 2006 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a Series of the Series 2006 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2006 Bonds of such Series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2006 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2006 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the Series 2006 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuers or the Bond Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, its nominee, the Bond Trustee or the Issuers, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2006 Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Series 2006 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2006 Bonds, on DTC's records, to the Remarketing Agent. The requirement of physical delivery of Series 2006 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2006 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2006 Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to any Series of the Series 2006 Bonds at any time by giving reasonable notice to the Issuer of that Series or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer of Series 2006 Bonds may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2006 Bond certificates for such Series 2006 Bonds of the Issuer will be printed and delivered to DTC.

Appendix H

Initial Investor Letter

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APPENDIX H

INITIAL INVESTOR LETTER

[Date]

[Indiana Health and Educational Facility Financing Authority
One North Capitol, Suite 900
Indianapolis, IN 46204]

[Alabama Special Care Facilities Financing Authority of Birmingham
City Hall
710 North 19th Street
Birmingham, AL 35203]

Ascension Health
4600 Edmundson Road
St. Louis, Missouri 63134

Re: $[120,630,000 Indiana Health and Educational Facility Financing Authority Revenue Bonds (Ascension Health Senior Credit Group) Series 2006B-1, Series 2006B-7 and Series 2006B-8][$35,000,000 Alabama Special Care Facilities Financing Authority of Birmingham Revenue Bonds (Ascension Health Senior Credit Group) Series 2006C-1] (collectively, the "Bonds")

The undersigned, as purchaser (the "Purchaser") of the above-referenced Bonds issued pursuant to a Bond Indenture dated as of November 1, 2006 (the "Indenture") between the [Indiana Health and Educational Facility Financing Authority][Alabama Special Care Facilities Financing Authority of Birmingham] (the "Issuer") and Wells Fargo Bank, National Association hereby represents that:

1. The Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated and is authorized to invest in the Bonds being purchased hereby. The person executing this letter on behalf of the Purchaser is duly authorized to do so on the Purchaser's behalf.

2. We have sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the Bonds. We are able to bear the economic risks of such investment.

3. The Purchaser acknowledges that we are purchasing the Bonds for investment for our own account and not with a present view toward resale or the distribution thereof, in that we do not now intend to resell or otherwise dispose of all or any part of our interests in the Bonds; provided, however, that the Purchaser may place the Bonds in a trust or custodial arrangement from which trust the Bonds are not expected to be sold except to beneficial owners.

4. We acknowledge that we have either been supplied with or have been given access to information relating to the Bonds and the projects financed or refinanced with the proceeds of the Bonds (the "Projects") and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, Ascension Health (the "Borrower"), the Indenture and the Bonds and the security therefor.

5. The Purchaser acknowledges that it has either been supplied with or been given a copy of the Limited Offering Memorandum, dated November 15, 2006, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Borrower, the Projects and the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds. Other than information contained in the Limited Offering Memorandum, the Purchaser acknowledges that it has not relied upon the addressees hereof for any information in connection with the Purchaser's purchase of the Bonds.

MORGAN STANLEY & CO. INCORPORATED, as Purchaser

By:_____
Managing Director

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ASCENSION HEALTH • REVENUE BONDS, SERIES 2006 (ASCENSION HEALTH SENIOR CREDIT GROUP)

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