$70,000,000
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY OF THE
THE STATE OF MISSOURI

$35,000,000
HEALTH FACILITIES REVENUE BONDS
(ST. ANTHONY'S MEDICAL CENTER)
SERIES 2006A
AUCTION RATE CERTIFICATES (ARCs(SM))

$35,000,000
HEALTH FACILITIES REVENUE BONDS
(ST. ANTHONY'S MEDICAL CENTER)
SERIES 2006B
AUCTION RATE CERTIFICATES(ARCs(SM))

SUPPLEMENT TO OFFICIAL STATEMENT

Dated June 5, 2006

This Supplement supplements and amends the Official Statement dated June 5, 2006 (the "**Official Statement**") which was delivered with respect to the Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006A Auction Rate Certificates (ARCs(SM)) (the "**Series 2006A Bonds**") and the Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006B Auction Rate Certificates (ARCs(SM)) (the "**Series 2006B Bonds**").

THIS SUPPLEMENT TO OFFICIAL STATEMENT IS SUBJECT IN ALL RESPECTS TO THE MORE COMPLETE INFORMATION CONTAINED IN THE OFFICIAL STATEMENT TO WHICH REFERENCE SHOULD BE MADE

The Official Statement is hereby supplemented and amended on page 19 to amend the table of the principal amount of scheduled mandatory redemptions of Series 2006A Bonds in the year 2012 from $375,000 to $350,000. The amended table in its entirety now reads as follows:

Year	Principal Amount	Year	Principal Amount
2009	$ 300,000	2024	$ 600,000
2010	325,000	2025	625,000
2011	350,000	2026	625,000
2012	350,000	2027	700,000
2013	375,000	2028	700,000
2014	400,000	2029	750,000
2015	400,000	2030	750,000
2016	425,000	2031	3,550,000
2017	450,000	2032	3,700,000
2018	500,000	2033	3,875,000
2019	475,000	2034	4,025,000
2020	500,000	2035	4,200,000
2021	525,000	2036*	4,375,000
2022	575,000		
2023	575,000		

* Final Maturity

The Official Statement is hereby supplemented and amended on page 20 to amend the table of the principal amount of scheduled mandatory redemptions of Series 2006B Bonds in the year 2012 from $375,000 to $350,000. The amended table in its entirety now reads as follows:

Year	Principal Amount	Year	Principal Amount
2009	$ 300,000	2024	$ 600,000
2010	325,000	2025	625,000
2011	350,000	2026	625,000
2012	350,000	2027	700,000
2013	375,000	2028	700,000
2014	400,000	2029	750,000
2015	400,000	2030	750,000
2016	425,000	2031	3,550,000
2017	450,000	2032	3,700,000
2018	500,000	2033	3,875,000
2019	475,000	2034	4,025,000
2020	500,000	2035	4,200,000
2021	525,000	2036*	4,375,000
2022	575,000		
2023	575,000		

* Final Maturity

The date of this Supplement to Official Statement is June 12, 2006.

UBS Investment Bank

NEW ISSUE - Book-Entry Only

RATINGS: Standard & Poor's: "AAA"
Moody's: "Aaa"
Underlying RATINGS: Standard & Poor's: "A+"
Moody's : "A2"
See "RATINGS" herein

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Bonds is excluded from gross income for federal income tax purposes, except as described herein, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The interest on the Bonds is exempt from income taxation by the State of Missouri. The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "**TAX MATTERS**."*

$70,000,000
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY OF THE THE STATE OF MISSOURI

$35,000,000
HEALTH FACILITIES REVENUE BONDS
(ST. ANTHONY'S MEDICAL CENTER)
SERIES 2006A
AUCTION RATE CERTIFICATES (ARCs(SM))

$35,000,000
HEALTH FACILITIES REVENUE BONDS
(ST. ANTHONY'S MEDICAL CENTER)
SERIES 2006B
AUCTION RATE CERTIFICATES (ARCs(SM))

Dated: Date of Delivery **Price: 100%** **Due: December 1, 2036**

The Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006A Auction Rate Certificates (ARCs(SM)) (the "**Series 2006A Bonds**") and the Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006B Auction Rate Certificates (ARCs(SM)) (the "**Series 2006B Bonds**" and, together with the Series 2006A Bonds, the "**Bonds**") are being issued by the Health and Educational Facilities Authority of the State of Missouri (the "**Authority**") under a Bond Trust Indenture dated as of June 1, 2006 (the "**Bond Indenture**") between the Authority and Commerce Bank, N.A., as Bond Trustee (the "**Bond Trustee**"). Pursuant to a Loan Agreement dated as of June 1, 2006 (the "**Loan Agreement**") between the Authority and St. Anthony's Medical Center ("**St. Anthony's**"), a Missouri nonprofit corporation, the proceeds of the Bonds will be loaned to St. Anthony's to be used to (i) acquire, construct and equip the Project (defined herein); and (ii) pay certain costs related to the issuance of the Bonds.

Payment of principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds.

Ambac

The Series 2006A Bonds will be issued initially as Auction Rate Certificates (ARCs(SM)). The Series 2006A Bonds will bear interest at a rate established by the Underwriter from their date of initial delivery to and including June 29, 2006, payable on June 30, 2006. Thereafter, for each ARCs Interest Period, the Series 2006A Bonds will bear interest at the ARCs Rate determined pursuant to, and payable as provided in, the ARCs Provisions described in **Appendix F** hereto.

The Series 2006B Bonds will be issued initially as Auction Rate Certificates (ARCs(SM)). The Series 2006B Bonds will bear interest at a rate established by the Underwriter from their date of initial delivery to and including June 30, 2006, payable on July 3, 2006. Thereafter, for each ARCs Interest Period, the Series 2006B Bonds will bear interest at the ARCs Rate determined pursuant to, and payable as provided in, the ARCs Provisions described in **Appendix F** hereto.

The Bonds may bear interest at an ARCs, Daily, Weekly, CP, Term or Fixed Rate. While a Bond bears interest at any of those rates, such Bond will be deemed to be operating in an ARCs Rate Period, a Daily Rate Period, a Weekly Rate Period, a CP Rate Period, a Term Rate Period or a Fixed Rate Period, respectively. The Bonds may be in only one Interest Rate Period at any given time, except as otherwise described herein. Subject to certain conditions described herein, the Bonds operating in any one Interest Rate Period may be converted to another Interest Rate Period, and will be subject to mandatory tender upon such conversion. Initially, all of the Bonds will be issued in an ARCs Rate Period and this Official Statement describes only Bonds operating in an ARCs Rate Period. Supplemental disclosure materials will be made available to investors in connection with any conversion of the Bonds to a different Interest Rate Period.

The Bonds are subject to redemption prior to maturity and to mandatory tender, all as described herein.

The Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**"), New York, New York, which will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form in denominations (so long as the Bonds are in an ARCs Rate Period) of $25,000 and any integral multiple thereof. So long as Cede & Co. is the registered owner of the Bonds, purchasers of beneficial interests ("**Beneficial Owners**") will not receive certificates representing their interests in the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC or Cede & Co., and references herein to the owners of the Bonds shall mean Cede & Co. See "**BOOK-ENTRY SYSTEM**" herein.

THE BONDS ARE SUBJECT TO CERTAIN RISKS. SEE "BONDHOLDERS' RISKS" HEREIN.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AND SHALL NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF MISSOURI (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

Series	Principal Amount	Maturity (December 1)	Initial Auction Period	Initial Auction Date	Auction Period Generally	Auction Day Generally	Initial Interest Payment Date	Interest Payment Date Generally	CUSIP
2006A	$35,000,000	2036	17 days	June 29, 2006	7 days	Thursday	June 30, 2006	Friday	60635RX44
2006B	$35,000,000	2036	20 days	June 30, 2006	7 days	Friday	July 3, 2006	Monday	60635RX51

The Bonds are offered subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriter, subject to the approval of the legality thereof by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. Certain legal matters will be passed on for the Authority by its counsel, Thompson Coburn LLP, St. Louis, Missouri, for the Obligated Group by its counsel, Lewis, Rice & Fingersh, L.C., St. Louis, Missouri, for the Bond Insurer by its General Counsel and for the Underwriter by its counsel, Sonnenschein Nath & Rosenthal LLP. Stern Brothers & Co., St. Louis, Missouri serves as financial advisor for the Authority in this transaction. It is expected that the Bonds in definitive form will be available for delivery through the services of DTC on or about June 13, 2006.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

UBS Investment Bank

The date of this Official Statement is June 5, 2006.

REGARDING USE OF THIS OFFICIAL STATEMENT

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesperson or other person has been authorized by the Authority, St. Anthony's, or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion set forth herein are subject to change without notice, and neither the delivery of this Official Statement nor any statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Obligated Group or the Bond Insurer since the date hereof. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Except for the information set forth herein under the captions **"THE AUTHORITY"** and **"LITIGATION – The Authority"** none of the information in this Official Statement has been supplied or verified by the Authority, and the Authority makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

Other than with respect to information concerning Ambac Assurance Corporation (hereinafter "**Ambac Assurance**" or the "**Bond Insurer**") contained under the captions **"THE BOND INSURANCE POLICY", "THE BOND INSURER"** and **Appendix E – "Specimen Financial Guaranty Insurance Policy"** herein, none of the information in this Official Statement has been supplied or verified by Ambac Assurance and Ambac Assurance makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE BOND INDENTURE OR THE MASTER INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement contains forward-looking statements. In this respect, the words "may," "will," "forecast," "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. Such statements are based on the beliefs of the party making such statements as well as assumptions made based on the information currently available to such party. A number of important factors affecting the business and financial results of St. Anthony's that could cause actual results to differ materially from those stated in the forward-looking statements are disclosed in this Official Statement. In addition to those factors described specifically in connection with the forward-looking statements, see **Appendix A – MANAGEMENT'S DISCUSSION OF UTILIZATION** and **MANAGEMENT'S DISCUSSION OF RESULTS OF OPERATIONS.**

TABLE OF CONTENTS

Page

REGARDING USE OF THIS OFFICIAL STATEMENT ..... **I**
INTRODUCTORY STATEMENT **1**
THE AUTHORITY **3**
THE OBLIGATED GROUP **7**
PLAN OF FINANCE **7**
ESTIMATED SOURCES AND USES OF FUNDS **8**
THE BONDS **9**
BOOK-ENTRY ONLY SYSTEM **22**
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS **24**
THE BOND INSURANCE POLICY **26**
THE BOND INSURER **28**
DEBT SERVICE REQUIREMENTS **30**
BONDHOLDERS' RISKS **31**
LITIGATION **51**
LEGAL MATTERS **51**
TAX MATTERS **51**
CONSOLIDATED FINANCIAL STATEMENTS **53**
FINANCIAL ADVISORS **53**
RATINGS **53**
UNDERWRITING **53**
CONTINUING DISCLOSURE **54**
MISCELLANEOUS **55**

Appendix A - Certain Information Regarding St. Anthony's Medical Center

Appendix B - Audited Consolidated Financial Statements of St. Anthony's Medical Center and Affiliates

Appendix C - Definitions of Words and Terms and Summaries of Certain Provisions of the Principal Documents

Appendix D - Form of Opinion of Bond Counsel

Appendix E - Specimen Financial Guaranty Insurance Policy

Appendix F - Special Provisions Relating to ARCs

Appendix G - Form of Continuing Disclosure Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT
$70,000,000
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY OF THE
THE STATE OF MISSOURI

$35,000,000	**$35,000,000**
HEALTH FACILITIES REVENUE BONDS	**HEALTH FACILITIES REVENUE BONDS**
(ST. ANTHONY'S MEDICAL CENTER)	**(ST. ANTHONY'S MEDICAL CENTER)**
SERIES 2006A	**SERIES 2006B**
AUCTION RATE CERTIFICATES (ARCs(SM))	**AUCTION RATE CERTIFICATES (ARCs(SM))**

INTRODUCTORY STATEMENT

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the Cover Page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in ***Appendix C****.*

Purpose of this Official Statement. The purpose of this Official Statement, including the Cover Page and the Appendices, is to set forth information in connection with the offering of $35,000,000 aggregate principal amount of the Health and Educational Facilities Authority of the State of Missouri (the "**Authority**") Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006A, Auction Rate Certificates (ARCs(SM)) (the "**Series 2006A Bonds**") and $35,000,000 aggregate principal amount of the Authority's Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006B, Auction Rate Certificates (ARCs(SM)) (the "**Series 2006B Bonds**," and, together with the Series 2006A Bonds, the "**Bonds**"), to be issued pursuant to a Bond Trust Indenture, dated as of June 1, 2006 (the "**Bond Indenture**"), by and between the Authority and Commerce Bank, N.A., as trustee (the "**Bond Trustee**") and a resolution adopted by the Authority on May 3, 2006 (the "**Authorizing Resolution**"). The proceeds of the Bonds are to provide funds to be loaned by the Authority to St. Anthony's Medical Center ("**St. Anthony's**") pursuant to a Loan Agreement, dated as of June 1, 2006 between the Authority and St. Anthony's (the "**Loan Agreement**").

The Authority. The Authority is a body politic and corporate and a public instrumentality of the State of Missouri (the "**State**"), created and existing under the Missouri Health and Educational Facilities Authority Act, Chapter 360 of the Revised Statutes of Missouri, as amended (the "**Act**"). See "**THE AUTHORITY**."

The Obligated Group. St. Anthony's and St. Anthony's Medical Center Foundation (the "**Foundation**") are Members of the Obligated Group under the Master Indenture, hereinafter described. See "**THE OBLIGATED GROUP**" herein and **Appendix A** for more information on the Obligated Group.

Purposes of the Bonds. The proceeds from the sale of the Bonds will be loaned by the Authority to St. Anthony's pursuant to the Loan Agreement and will be applied to finance the construction, renovation and equipping of capital projects, including the expansion and modernization of the main hospital and emergency department of approximately 133,000 square feet and to pay certain costs of issuance for the Bonds. See "**PLAN OF FINANCE**" herein.

Security for the Bonds. The Bonds and the interest thereon are special, limited obligations of the Authority, payable by the Authority solely from certain payments to be made by St. Anthony's under the Loan Agreement, by payments to be made by the Obligated Group under the Series 2006A Master Notes (defined herein) and the Series 2006B Master Notes (defined herein), and certain other funds held by the Bond Trustee under the Bond Indenture and not from any other fund or source of the Authority. The Bonds are secured by the Bond Indenture and the Loan Agreement as described herein. St. Anthony's obligation to repay the loan made to it under the Loan Agreement is evidenced and secured by the Series 2006 Master Notes (defined herein) issued by St. Anthony's to the Authority under the Master Indenture as described herein. Payments under the Loan Agreement and the Series 2006 Master Notes are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of, premium, if any, and interest on the Bonds. The revenues of St. Anthony's and the other Members of the Obligated Group that will be used to make payments under the Loan Agreement and the Series 2006 Master Notes will be derived from rates and charges received by the Obligated Group from its healthcare facilities. Pursuant to the Bond Indenture, the Authority will assign to the Bond Trustee, for the benefit and security of the registered owners of the Bonds, substantially all of the rights of the Authority in the Loan Agreement, including all Loan Payments payable thereunder, and the Series 2006 Master Notes.

The Bonds shall not constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State or of any political subdivision thereof or of the Authority. The issuance of the Bonds shall not, directly, indirectly, or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Authority has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Master Indenture. St. Anthony's and the Foundation entered into a Master Trust Indenture dated as of December 1, 2005, (the **"Master Indenture"**) with Commerce Bank, N.A., as master trustee (the "**Master Trustee**"). The Master Indenture was supplemented by the Supplemental Master Trust Indenture No. 1 dated as of December 1, 2005 between St. Anthony's, as Obligated Group Agent, and the Master Trustee, in connection with the issuance of $86,600,000 of bonds issued by the Authority (the "**Series 2005 Bonds**"), $86,600,000 of which are outstanding. In connection with the issuance of the Bonds, St. Anthony's and the Master Trustee will also enter into a Supplemental Master Trust Indenture No. 2 dated as of June 1, 2006, pursuant to which the Obligated Group will issue its Master Indenture Note (St. Anthony's Medical Center), Series 2006A (the "**Series 2006A Note**"), payable to the Authority, in the aggregate principal amount of $35,000,000 to evidence and secure St. Anthony's obligations with respect to the Series 2006A Bonds, and its Master Note (St. Anthony's Medical Center), Series 2006B (the "**Series 2006B Note,**" and together with the Series 2006A Note, the **"Series 2006 Master Notes"**), payable to the Authority, in the aggregate principal amount of $35,000,000 to evidence and secure St. Anthony's obligations with respect to the Series 2006B Bonds, including the obligation to make loan payments under the Loan Agreement sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds. All of the right, title and interest of the Authority in the Series 2006 Master Notes will be pledged and assigned by the Authority to the Bond Trustee pursuant to the Bond Indenture. The Series 2006 Master Notes will be secured under the Master Indenture on a parity basis with the notes issued in connection with the issuance of the Series 2005 Bonds (the "**Series 2005 Master Notes**") and any additional Master Notes issued under the Master Indenture (collectively, "**Notes**"). The Master Indenture provides that the Members of the Obligated Group are jointly and severally liable with respect to the payment of Notes issued thereunder. Pursuant to the Master Indenture, each Member of the Obligated Group has pledged and granted to the Master Trustee a security interest in its Gross Revenues (as defined in **Appendix C**) as security for its obligations under the Master Indenture. The Bonds will not

be secured by a lien on, or security interest in, any real or personal property of the Obligated Group, other than Gross Revenues. Each Member covenants under the Master Indenture not to create or permit any lien on its Property and will not incur any additional Indebtedness (as defined in the Master Indenture) except as specifically permitted under the terms of the Master Indenture. The Master Indenture as referenced herein means the original Master Indenture as so supplemented and amended by each of the foregoing supplements (as so supplemented, the **"Master Indenture"**). The Master Indenture expresses the general covenants relating to and provides the terms and conditions upon which Indebtedness of the Members of the Obligated Group and any other affiliated entity as may hereafter become a Member of the Obligated Group may be incurred and secured. See "**SUMMARY OF THE MASTER TRUST INDENTURE**" in **Appendix C.**

Bondholders' Risks. There are risks associated with the purchase of the Bonds. See the caption "**BONDHOLDERS' RISKS**" for a discussion of certain of these risks.

Definitions and Summaries of Legal Documents. Definitions of certain words and terms used in this Official Statement are set forth in **Appendix C** of this Official Statement. Summaries of the Master Indenture, the Bond Indenture and the Loan Agreement are also included in this Official Statement in **Appendix C**. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be viewed at the office of UBS Securities LLC (the "**Underwriter**"), at 1285 Avenue of the Americas, 15th Floor, New York, NY 10019, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

THE AUTHORITY

Organization and Powers

The Authority is a body politic and corporate and a public instrumentality of the State of Missouri, created and existing under the Missouri Health and Educational Facilities Authority Act, Chapter 360 of the Revised Statutes of Missouri, as amended (the "**Act**").

The Authority is empowered under the Act to make loans to any participating health or educational institution to finance the cost of health or educational facilities, to refinance outstanding obligations, mortgages or advances issued, made or given for the cost of such facilities, and to refund bonds of the Authority issued for such purposes. The Authority may issue its bonds, notes or other obligations for any of its corporate purposes. Missouri law requires that the State shall not be liable in any event for the payment of the principal of or interest on any bonds of the Authority or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Authority and no breach of any such pledge, mortgage, obligation or agreement may impose any pecuniary liability upon the State or any charge upon the general credit or taxing power of the State.

Membership

The Act provides that the Authority shall consist of seven members who are to be appointed by the governor of the State with the advice and consent of the State Senate. Each member must be a resident of the State and not more than four members of the Authority may be of the same political party. Initial members were appointed to staggered terms of office and successor members are appointed for terms of five years. Members continue to serve after expiration of their term until a successor is appointed and qualified or they are reappointed.

Members

The current members of the Authority and their offices are as follows:

Bruce A. Olson, Chairman. Term as a member expires July 30, 2009. Mr. Olson earned an Industrial Engineering degree and a Masters in Industrial Administration from Purdue University. After working at the Bank of New York and becoming the head of the New England commercial lending group, Mr. Olson joined St. Joe Minerals in New York as Manager of Corporate Development. He then became Vice President Finance for St. Joe International and moved to St. Louis to become Vice President International in 1985. Mr. Olson joined Group One Capital, an acquisition company co-founded by his wife Kim in 1987. Group One Capital acquired and managed companies using the capital of its principals plus institutional debt. Over the years Group One acquired over 20 companies. Various businesses have included electric products distribution, beauty products distribution, home remodeling, sunglass retailing, beauty projects manufacturing and luggage manufacturing. Many of the companies were sold over the years. Today, Mr. Olson is President of BBI Group; a private investment group in Clayton, Missouri. He is also Chairman of Envisioneering Medical Technologies, a developer and manufacturing of ultrasound and biopsy products for the Urology and Radiation Oncology markets. Mr. Olson is former chairman of the investment committee and currently chairman of the donor services committee of the Greater St. Louis Community Foundation. He is also a member of the St. Louis Children's Hospital Foundation Board and the Dean's Advisory Council for the Krannert School of Management at Purdue University.

Stephen B. Hoven, Vice Chairman. Term as a member expires July 30, 2008. Mr. Hoven serves as corporate vice president-public affairs of SSM Health Care, where he is responsible for handling civic and state affairs in the four-state area where SSM has a presence. Prior to joining SSM Health Care, he worked for twelve years on the staff of the St. Louis Regional Commerce & Growth Association (***"RCGA"***), including four years as senior vice president and chief operating officer, developing and expanding economic growth opportunities for the St. Louis region, and currently serving as a board member and chairman of its Public Policy Council. Mr. Hoven also worked with Ozark Airlines, based in St. Louis, and served for four years as manager of public affairs, coordinating state legislation in twenty-five states and representing the Air Transport Association of America. Mr. Hoven graduated summa cum laude with a master's degree in business and earned a Bachelor of Science degree, both from Southwest Missouri State University. Mr. Hoven is an extremely active member of his community and contributes his twenty-five years of experience in civic and legislative affairs to benefit a large number of government associations, public and private policy support groups, including serving as chairman of the Missouri Transportation & Development Council, as president of the University of Missouri-St. Louis Friends Board, on the St. Louis Regional Convention & Sports Complex Authority, and as board first vice president and a member of the executive committee of the Associated Industries of Missouri. Mr. Hoven is also a board member of Forward Metro St. Louis, Leadership Council Southwestern Illinois and the St. Louis Sports Commission. In addition to these affiliations, there are many other groups and causes that remain close to Mr. Hoven's heart and to which he contributes his personal time and efforts, including Boys & Girls Town of Missouri.

Kevin L. Thompson, CPA, Treasurer.. Term as a member expires July 30, 2009. Mr. Thompson, a resident of Kirkwood, Missouri, is Vice President and Treasurer/Chief Financial Officer of Coin Acceptors, Inc., a global manufacturer of cash management and vending components and equipment based in St. Louis, Missouri. With over 1,300 employees, Coin Acceptors, Inc. has operations in 25 different locations worldwide. Since 1989, he held various other positions at Coin Acceptors, Inc. prior to being named CFO in 2000. Mr. Thompson is a certified public accountant and involved with several professional organizations such as the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants. He is active with many civic and community organizations and holds various positions with the Clayton Chamber of Commerce, the St. Louis Art Fair,

Mid-County Family YMCA and the YMCA of Metropolitan St. Louis, the Financial Executives Institute, Ne-O-Tez Youth Camp and the Harding University President's Development Council.

Nadia T. Cavner. Term as a member expires July 30, 2007. Ms. Cavner, a resident of Springfield, Missouri, is an Executive Vice President and Financial Representative with The Signature Banks Investment Services. She is a graduate of Wesleyan University in Texas and attended the M.B.A. program at Texas Christian University. She currently serves on the advisory councils of Putnam Investments and Franklin Templeton Funds. She has been ranked the top banking broker in the United States with Putnam Investments for the past six years. Her sales and professional expertise has ranked her among the top 1% in the investment industry. In 2004 and 2005, Ms. Cavner was recognized by Barron's magazine as one of the top 100 brokers in the United States. In 2004, US Banker listed Ms. Cavner as one of the top 25 most powerful women in Banking. Ms. Cavner has been in the investment industry for the past 12 years. Ms. Cavner is also active in a number of local charities and professional associations including the Springfield Community Foundation and the Advisory Board of the Securities and Exchange Commission. Ms. Cavner recently accepted a position to represent the American Bible Society, one of the nation's oldest and most distinguished philanthropic organizations, as part of the Financing Committee. Ms. Cavner is a sought after speaker at many investment industry forums and conferences throughout the United States and abroad.

Thomas J. Carlson. Term as a member expires July 30, 2010. Mr. Carlson, a resident of Springfield, Missouri, is a principal in the firm of Carlson Gardner, Inc. engaged in the development of single-family, multi-family and senior properties for all segments of the population in southwestern Missouri and other areas. The firm's developments are located in various Missouri cities including Nixa, Republic, Branson, Osceola, Fort Leonard Wood, St. Joseph, Warrenton and Buffalo. Mr. Carlson started his real estate development career in 1992 after taking over a bankrupt Branson area company at the request of its creditors. Under his leadership the company's creditors were eventually paid in full. Prior to the formation of Carlson Gardner in 1993, Mr. Carlson practiced law in the areas of bankruptcy, tax and financial reorganization. He was a United States Bankruptcy Trustee from 1982-1997 involved in numerous corporate bankruptcies. Mr. Carlson serves on the boards of International Tourist Entertainment Corporation in Branson and Great Southern Bank in Springfield. Currently Mr. Carlson is a member of the Springfield City Council and was re-elected Mayor of Springfield in 2005, a position he held from 1987-1993 and 2001 – present. Mr. Carlson is a former member of the Springfield-Branson Regional Airport Board where he served as board chair. He now serves or has served on various other local, state and national boards, commissions and committees in the Springfield and southwest Missouri area including the Missouri State University Board of Governors, National League of Cities, Fannie Mae Advisory Board, Boy Scouts Ozarks Trails Council, Selective Service Area Office, Community Foundation of the Ozarks, Missouri Association of Community Development, Missouri Commission on Intergovernmental Cooperation, Housing Collaborative for Community Partnership, First and Calvary Presbyterian Church and the Ozarks Counseling Center.

John W. Siscel, III, Ed.D., CAE. Term as a member expires July 30, 2006. Dr. Siscel, a resident of St. Louis, Missouri, has been the Executive Vice President of the Mechanical Contractors Association of Eastern Missouri since 1990 and started his association career in a similar post with the Plumbing Industry Council in 1980. Dr. Siscel has earned his Doctorate in Education Administration from the University of Missouri and served as Superintendent of Schools of the Dora R-III public schools prior to commencing his association service. Mr. Siscel holds the highest distinction, Certificate Association Executive, from the American Society of Association Executives and was recently elected to a three year term on the 24,000 member organization's 24 member Board of Directors. Dr. Siscel has also served as Administrator of the New Hope Living and Learning Center. In the association world, Dr. Siscel was President of the St. Louis Society of Association Executives (1987-88) and has served as Chairman of the Association Executives Council of the Mechanical Contractors Association of America (1998-1999).

Dr. Siscel was a member of the Board of Trustees of the Metropolitan St. Louis Sewer District from 1994 through 2003 (including a term as Chairman), and was a member of the Board of Regents of Harris Stowe State College from 1992 to 2000. Dr. Siscel has held leadership positions on several boards and is a 33º Scottish Rite Mason.

Donald E. Thompson. Term as a member expires July 30, 2008. Mr. Thompson, a resident of Troy, Missouri, is Chief Executive Officer of Peoples Bank and Trust Company of Lincoln County, President of Lincoln County Bancorp, Inc., President of Warren County Bancorp, Inc., Chairman and Director of Bank of Louisiana, Chairman and Director of Winfield Banking Company, Chairman and Director of Bank of Altenburg, Director of Midwest Independent Bank, Director of Bankers Bancorp, Inc. and Chairman and Director of Exchange Bank of N.E. Missouri. Mr. Thompson is active in many business and civic organizations.

Executive Director

Michael J. Stanard serves as Executive Director of the Authority. Mr. Stanard served as Assistant Director of the Authority from 1989 until his appointment as Executive Director, effective May 1, 1998.

Representatives

Thompson Coburn LLP, St. Louis, Missouri, serves as general counsel to the Authority.

Stern Brothers & Co., St. Louis, Missouri, serves as financial advisor to the Authority.

Indebtedness of the Authority

The Authority has previously sold and delivered numerous series of bonds and notes secured by instruments separate and apart from the Bond Indenture and the Loan Agreement. The owners of such bonds and notes have no claim on the assets, funds or revenues of the Authority securing the Bonds and the owners of the Bonds will have no claim on assets, funds or revenues of the Authority securing such other bonds and notes except with respect to any outstanding bonds issued by the Authority for the Obligated Group and certain future indebtedness of the Obligated Group.

With respect to additional indebtedness of the Authority, the Authority intends to enter into separate agreements with participating health or educational institutions in the State other than the Obligated Group for the purpose of providing financing for eligible projects and programs. Issues that may be sold by the Authority in the future will be created under separate and distinct indentures or resolutions and will be secured by instruments, properties and revenues separate from those securing the Bonds.

EXCEPT FOR INFORMATION CONCERNING THE AUTHORITY IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED "THE AUTHORITY" AND "LITIGATION -- THE AUTHORITY", NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE OBLIGATED GROUP

The Obligated Group consists of St. Anthony's and the Foundation, each of which is a Missouri nonprofit corporation, exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"), as an organization described in Section 501(c)(3) of the Code.

St. Anthony's owns and operates a 767-bed licensed acute care hospital and related health care facilities known as St. Anthony's Medical Center in St. Louis County, Missouri. The Foundation was established for the purpose of supporting St. Anthony's and to carry out its purposes.

After the date of and under certain conditions summarized in this Official Statement, certain current or then-existing affiliates of St. Anthony's may become Members of the Obligated Group. All Members of the Obligated Group, as the group may from time to time be constituted, are jointly and severally obligated under the Master Indenture with respect to payment of the Series 2006 Master Notes and additional Notes which may be issued pursuant to the Master Indenture. St. Anthony's, acting as the Obligated Group Agent under the Master Indenture, is authorized to act for all Members of the Obligated Group under the Master Indenture. See "**SUMMARY OF THE MASTER TRUST INDENTURE**" in **Appendix C**.

See **Appendix A** for a more complete description of the Members of the Obligated Group, including certain financial information. Audited financial statements for the Obligated Group for the fiscal years ended June 30, 2004 and 2005 are contained in **Appendix B**.

PLAN OF FINANCE

The proceeds of the Bonds will be loaned by the Authority to St. Anthony's pursuant to the Loan Agreement. St. Anthony's will use such proceeds to (i) acquire, construct and equip the Project (defined herein); and (ii) pay certain costs of issuance of the Bonds, including the premium for the Bond Insurance Policy.

The Project

St. Anthony's will use the proceeds of the Bonds, together with other available funds, to finance the construction, renovation and equipping of capital projects, including the expansion and modernization of the main hospital and emergency department of approximately 133,000 square feet (the **"Project"**). Construction on the Project is scheduled to start in late summer of 2006 and is expected to be completed before the end of 2008. For a further description of the Project, see **"THE PROJECT"** in **Appendix A** hereto.

Swap Agreement

St. Anthony's, in anticipation of the issuance of the Bonds, entered into two confirmations each dated as of May 25, 2006 (collectively referred to as the "**Swap Agreement**") with UBS AG (the **"Swap Counterparty"**) under its existing ISDA Master Agreement with UBS AG (the "**Swap Counterparty**"), dated as of May 25, 2006.

The Swap Agreement is written in a notional amount initially equal to $70,000,000 and declining on each December 1, to match a portion of the annual mandatory redemption requirements applicable to each respective series of Bonds. This $70,000,000 swap is intended to hedge the interest risk on $70,000,000 of the Bonds based on the historic and anticipated relationship between the British Bankers'

Association fixing of the U.S. dollar denominated London Inter-Bank Offered Rate ("**LIBOR**") and the interest on auction rate securities such as the Bonds. Under the Swap Agreement, St. Anthony's is required to pay to Swap Counterparty, on a semi-annual basis, a fixed rate amount equal to interest on such notional amount for the preceding six-month period at the rate of 3.899% per annum; and the Swap Counterparty is required to pay to St. Anthony's, on the first business day of each month, a floating rate amount equal to interest on such notional amount for the preceding month at a rate per annum equal to 67% of one-month LIBOR. The fixed rate amount and the floating rate amount are to be netted against each other, the payment of one being due only to the extent it exceeds the other. The Swap Counterparty currently maintains ratings of Aa2 from Moody's, AA+ from Standard & Poor's and AA+ from Fitch.

The Swap Agreement terminates by its terms on December 1, 2036, and is subject to early termination (1) upon the occurrence of certain specified events, including certain termination events and events of default (as defined therein, which include, among other events, the failure by either party to meet its payment or other obligations thereunder or the failure by the Bond Insurer or St. Anthony's to maintain specified credit ratings), and (2) at the option of St. Anthony's. If an early termination occurs, a payment from St. Anthony's to the Swap Counterparty or from the Swap Counterparty to St. Anthony's may be required, to be determined on the basis set forth in the Swap Agreement, and the amount of any such payment could be substantial. As long as the Bond Insurer is not in default under its obligations with respect to the separate financial guaranty insurance policy insuring payments due the Swap Counterparty under the Swap Agreement, no early termination of the Swap Agreement by the Swap Counterparty is permitted without the Bond Insurer's consent. See **"BONDHOLDERS' RISKS – Utilization of Derivative Markets."**

The Swap Agreement does not affect or alter any of the obligations of St. Anthony's with respect to the payment of the principal of or interest on the Series 2006 Master Notes or the Bonds and neither the owners of the Bonds nor any person other than St. Anthony's will have any rights under the Swap Agreement or against the Swap Counterparty or with respect to the proceeds, if any, of the financial guaranty insurance policy insuring payments due the Swap Counterparty.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds relating to the issuance of the Series 2006A Bonds and the Series 2006B Bonds and the implementation of the plan of finance are shown below:

SOURCES OF FUNDS:	
Par Amount of the Bonds	$ 70,000,000
TOTAL SOURCES OF FUNDS	$70,000,000
USES OF FUNDS:	
Project Costs	$67,173,490
Costs of Issuance	2,826,510
TOTAL USES OF FUNDS	$70,000,000

THE BONDS

The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Bond Indenture and the Loan Agreement for the detailed terms and provisions thereof.

General Description

See **Appendix F** hereto for the definitions of certain terms relating to Bonds bearing interest at the ARCs Rate and for additional information as to the operation of the ARCs Rate Period. This Official Statement only describes the Bonds while they are in an ARCs Rate Period. If the Interest Rate Period for the Bonds is changed to a different Interest Rate Period, St. Anthony's will supplement this Official Statement to describe the new rate period.

The Bonds are being issued initially as Auction Rate Certificates ("**ARCs**"). The Bonds will be dated as of the date of their initial delivery and will bear interest from that date until the initial Auction Date at the rate established in connection with the initial offering and thereafter at the ARCs Rate established for the Bonds, as set forth in the Bond Indenture and summarized in **Appendix F** hereto entitled **"Special Provisions Relating to ARCs."** The initial Auction Date for the Series 2006A Bonds will be June 29, 2006 and the Initial Interest Payment Date will be June 30, 2006. The initial Auction Date for the Series 2006B Bonds will be June 30, 2006 and the Initial Interest Payment Date will be July 3, 2006. The Initial Interest Periods will be from the date of the initial delivery of each respective series of Bonds to, but not including, the Initial Interest Payment Date for such series. Interest Payment Dates and Auction Dates will generally occur each seven days after the respective Initial Interest Payment Date and the initial Auction Date, respectively, subject to adjustment pursuant to the provisions of the Bond Indenture as described in **Appendix F**. The Bonds will mature, subject to the redemption provisions described below, on December 1, 2036. The Bonds, while outstanding as ARCs, are issuable in denominations of $25,000 and any integral multiple thereof.

Principal of the Bonds will be payable by check or draft to the person in whose name the Bond is registered on the maturity or redemption date upon the presentation and surrender of such Bond at the principal office of the Bond Trustee. Interest on the Bonds will be payable to Bondholders registered at the close of business on the Record Date, which, for Bonds outstanding as ARCs, is the number of Business Days immediately preceding each Interest Payment Date which is equal to the greater of (a) two Business Days or (b) one Business Day plus the number of Business Days by which the Auction Date precedes the first day of the next succeeding Interest Period, as described in **Appendix F** hereto.

The Bonds will remain in the ARCs Rate Period until converted to a Daily Rate Period, a Weekly Rate Period, a CP Rate Period, a Term Rate Period or a Fixed Rate Period, as described herein. All Bonds must be in the same Interest Rate Period at the same time, and all Bonds which are ARCs must be in ARCs Interest Periods of the same duration at any given time (provided, however, that the Series 2006A Bonds and the Series 2006B Bonds may have different Interest Payment Dates from the other series of Bonds while in a particular ARCs Interest Period); provided, however, that either the Series 2006A Bonds or the Series 2006B Bonds may be converted to Fixed Rate Bonds without conversion of the other series of Bonds to a Fixed Rate and following any such conversion, the series of Bonds that was not so converted may operate in any one Interest Rate Period, provided that all Bonds of that series shall operate in the same Interest Rate Period at any given time.

The Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC, and no beneficial owner will receive certificates representing its interest in the Bonds, except in the event the Bond Trustee issues replacement bonds as provided in the Bond Indenture. Payment of the principal of,

premium, if any, and interest on each Bond will be made and notices and other communications to Bondholders will be given, directly to DTC or its nominee, Cede & Co., by the Bond Trustee. See **"BOOK-ENTRY SYSTEM"** below.

Auction Agent

The Bond Trustee and Deutsche Bank Trust Company Americas as Auction Agent (the "**Auction Agent**") will enter into an Auction Agency Agreement under which the Auction Agent will determine the ARCs Rate for each Auction in accordance with the Auction Procedures and will perform the duties of Auction Agent with respect to the Bonds. See **Appendix F** for additional information regarding the Auction Procedures (defined herein).

Broker-Dealer

The Auction Agent and UBS Securities LLC, as Broker-Dealer (the "**Broker-Dealer**") will enter into a Broker-Dealer Agreement under which the Broker-Dealer will perform certain Broker-Dealer services with respect to the Bonds. See **Appendix C** for additional information regarding the Broker-Dealer Agreement.

Order Procedures for Existing Owners and Potential Owners

The procedure for submitting orders prior to the Submission Deadline on each Auction Date is described in **Appendix F**, as are the particulars with regard to the determination of the ARCs Rate and the allocation of Bonds bearing interest at ARCs Rates (collectively, the "**Auction Procedures**").

Amendment of Auction Procedures

The ARCs procedures, including the definitions of Default Rate, Maximum Rate, All-Hold Rate, Index and the Applicable ARCs Rate, may be amended by obtaining the consent of the registered owners of a majority in principal amount of the outstanding Bonds bearing interest at an ARCs Rate (unless an Opinion of Counsel is obtained stating that the proposed amendment does not materially adversely affect the rights of the owners of the ARCs), and in either case, delivering a favorable opinion of Bond Counsel and the consent of the Bond Insurer. Certain changes, including those described below, do not require Bondholder consent. The Broker-Dealer shall adjust the percentage used in determining the All-Hold Rate, without Bondholder consent, if any such adjustment is necessary to reflect any change in market condition and provided no such adjustment will adversely affect the rating on the Bonds, and a Favorable Opinion of Bond Counsel and the written consent of the Bond Insurer is delivered to the Bond Trustee, the Authority, St. Anthony's and Auction Agent.

Changes to the ARCs Interest Periods and Auction Dates do not require the amendment of the Auction Procedures or any Bondholder consents. See **"Changes in Auction Periods or Auction Dates"** and **"Adjustment in Percentages"** in **Appendix F** hereto.

Special Considerations Relating to Bonds Bearing Interest at ARCs Rates

The following is a summary of certain special considerations relating to the Bonds when the Bonds are bearing interest at ARCs Rates.

Bidding by Initial Broker-Dealer

A Broker-Dealer is permitted, but not obligated, to submit Orders in Auctions for its own account either as a Bidder or a Seller and routinely does so in the auction rate securities market in its sole discretion. If a Broker-Dealer submits an Order for its own account, it would have an advantage over other Bidders because such Broker-Dealer would have knowledge of some or all of the other Orders placed through such Broker-Dealer in that Auction and, thus, could determine the rate and size of its Order so as to ensure that its Order is likely to be accepted in the Auction and that the Auction is likely to clear at a particular rate. For this reason, and because a Broker-Dealer is appointed and paid by the Authority to serve as a Broker-Dealer in the Auction, a Broker-Dealer's interests in conducting an Auction may differ from those of Existing Holders and Potential Holders who participate in Auctions. *See* "**Auction Dealer Fees**." A Broker-Dealer would not have knowledge of Orders submitted to the Auction Agent by any other firm that is, or may in the future be, appointed to accept Orders pursuant to a Broker-Dealer Agreement.

A Broker-Dealer may routinely place one or more Bids in an Auction for its own account to acquire ARCs for its inventory, to prevent an "auction failure event" (*i.e.*, an event where there are insufficient clearing Bids, which would result in the Auction Rate being set at the Maximum Rate) or an Auction from clearing at a rate that such Broker-Dealer believes does not reflect the market for the ARCs. A Broker-Dealer may place such Bids even after obtaining knowledge of some or all of the other Orders submitted through it. When bidding for its own account, a Broker-Dealer may bid inside the range of rates that it posts in its "Price Talk" or outside that range if such Broker-Dealer believes that the fair market value of the ARCs is outside of "Price Talk". *See* "**Price Talk**."

A Broker-Dealer also may routinely encourage bidding by others in Auctions, including to prevent an auction failure event or an Auction from clearing at a rate that the Broker-Dealer believes does not reflect the market for the ARCs. A Broker-Dealer may routinely encourage such Bids even after obtaining knowledge of some or all of the other Orders submitted through it.

Bids by any Broker-Dealer are likely to affect (i) the Auction Rate — including preventing the Auction Rate from being set at the Maximum Rate or otherwise causing Bidders to receive a higher or lower rate than they might have received had such Broker-Dealer not bid and (ii) the allocation of ARCs being auctioned — including displacing some Bidders who may have their Bids rejected or receive fewer ARCs than they would have received if such Broker-Dealer had not bid. Because of these practices, the fact that an Auction clears successfully does not mean that an investment in the ARCs involves no significant liquidity or credit risk. No Broker-Dealer is obligated to continue to place such Bids in any particular Auction to prevent an Auction from failing or clearing at a rate such Broker-Dealer believes does not reflect the market for the ARCs. Investors should not assume that any Broker-Dealer will do so or that "auction failure events" will not occur.

In any particular Auction, if all outstanding ARCs are the subject of Submitted Hold Orders, the Auction Rate for the next succeeding distribution period will be the All Hold Rate (such a situation is called an "**All Hold Auction**"). When an All Hold Auction is likely, a Broker-Dealer may, but is not obligated to, advise Existing Holders of that fact, which might facilitate the submission of Bids by Existing Holders that would avoid the occurrence of an All Hold Auction. If a Broker-Dealer holds any ARCs for its own account on an Auction Date, such Broker-Dealer will submit a Sell Order into the

Auction with respect to such ARCs. If such a Broker-Dealer (or any other existing Holder) submits a Sell Order into the Auction, such Auction will not be an All Hold Auction. Such Broker-Dealer may, but is not obligated to, submit Bids in that same Auction, as set forth above.

Broker-Dealer Fees

A Broker-Dealer has been appointed by the issuers of various auction rate securities to serve as a dealer in the auctions for those securities and is paid by the issuers for its services. Specifically, each Broker-Dealer receives auction broker-dealer fees from such issuers at an agreed-upon annual rate that is applied to the principal amount of securities sold or successfully placed through such Broker-Dealer. A Broker-Dealer will receive auction broker-dealer fees from the Authority with respect to the ARCs sold or successfully placed through such Broker-Dealer in Auctions. As a result, a Broker-Dealer's interests in conducting Auctions may differ from those of investors who participate in Auctions. A Broker-Dealer may share a portion of such fees with other broker-dealers that submit Orders through such Broker-Dealer that are filled in the Auction.

"Price Talk"

Before the start of an Auction, a Broker-Dealer may, in its discretion, make available to Existing Holders and Potential Holders such Broker-Dealer's good faith judgment of the range of likely clearing rates for the Auction based on market and other information. This is known as "**Price Talk**." Price Talk is not a guarantee that the Auction Rate established through the Auction will be an Auction Rate within the Price Talk, and Existing Holders and Potential Holders are free to use it or ignore it. A Broker-Dealer may occasionally update and change the Price Talk based on changes in issuer credit quality or macroeconomic factors that are likely to result in a change in interest rate levels, such as an announcement by the Federal Reserve Board of a change in the Federal Funds rate or an announcement by the Bureau of Labor Statistics of unemployment numbers.

"All-or-Nothing" Bids

Broker-Dealers do not accept "all-or-nothing" Bids (*i.e.*, Bids whereby the Bidder proposes to reject an allocation smaller than the entire quantity bid) or any other type of Bid that allows the Bidder to avoid auction procedures that require the *pro rata* allocation of ARCs when there are not sufficient sell orders to fill all Bids at the clearing rate.

No Assurances Regarding Auction Outcomes

A Broker-Dealer provides no assurance as to the outcome of any Auction. Nor does any Broker-Dealer provide any assurance that any Bid will be accepted or that the Auction will clear at a rate that a Bidder considers acceptable. Bids may be rejected or may be only partially filled, and the rate on any ARCs purchased or retained may be lower than the Bidder expected.

Deadlines/Auction Periods

Each particular Auction has a formal time deadline by which all Bids must be submitted by a Broker-Dealer to the Auction Agent. This deadline is called the "**Auction Submission Deadline**." To provide sufficient time to process and submit customer Bids to the Auction Agent before the Auction Submission Deadline, each Broker-Dealer imposes an earlier deadline — called the "Internal Submission Deadline" — by which Bidders must submit Bids to such Broker-Dealer. The Internal Submission Deadline is subject to change by such Broker-Dealer. A Broker-Dealer may allow for correction of clerical errors after the Internal Submission Deadline and prior to the Auction Submission Deadline. A

Broker-Dealer may submit Bids for its own account at any time until the Auction Submission Deadline. Some auction agents allow for the correction of clerical errors for a specified period of time after the Auction Submission Deadline.

No Liquidity Facility

The ARCs are not supported by a liquidity facility.

Existing Holder's Ability to Resell Auction Rate Securities May Be Limited

Existing Holders will be able to sell the ARCs in an Auction only if there are Bidders willing to purchase all the ARCs offered for sale in the Auction. If sufficient clearing Bids have not been made, Existing Holders that have submitted Sell Orders will not be able to sell in the Auction all, and may not be able to sell any, of the ARCs subject to such submitted Sell Orders. As discussed above (*see* "**Bidding by Initial Broker-Dealer**"), a Broker-Dealer may submit a Bid in an Auction to keep it from failing, but it is not obligated to do so. There may not always be enough Bidders to prevent an Auction from failing in the absence of a Broker-Dealer bidding in the Auction for its own account. Therefore, "auction failure events" are possible, especially if the security for the Series 2006 Bonds were to deteriorate, if a market disruption were to occur or if, for any reason, each Broker-Dealer were unable or unwilling to bid.

Between Auctions, there can be no assurance that a secondary market for the ARCs will develop or, if it does develop, that it will provide Existing Holders the ability to resell the ARCs in the secondary market on the terms or at the times desired by an Existing Holder. A Broker-Dealer may, in its own discretion, decide to buy or sell the ARCs in the secondary market for its own account to or from investors at any time and at any price, including at prices equivalent to, below, or above the par value of the ARCs. However, no Broker-Dealer is obligated to make a market in the ARCs, and any Broker-Dealer may discontinue trading in the ARCs without notice for any reason at any time. Existing Holders who resell between Auctions may receive less than par value, depending on market conditions.

The ability to resell the ARCs will depend on various factors affecting the market for the ARCs, including news relating to the Authority, the attractiveness of alternative investments, the perceived risk of owning the ARCs (whether related to credit, liquidity or any other risk), the tax or accounting treatment accorded the ARCs, reactions of market participants to regulatory actions (such as those described in "**Securities and Exchange Commission Inquiries**," *below*) or press reports, financial reporting cycles and market conditions generally. Demand for the ARCs may change without warning, and declines in demand may be short-lived or continue for longer periods.

Resignation of the Auction Agent Under the Auction Agent Agreement or the Broker-Dealer Under the Broker-Dealer Agreement Could Impact the Ability to Hold Auctions

The Auction Agent Agreement provides that the Auction Agent may resign from its duties as Auction Agent by giving at least 90 days' notice to the Trustee, the Authority, and each Broker-Dealer, or 30 days' notice if its fee has not been paid, and does not require, as a condition to the effectiveness of such resignation, that a replacement Auction Agent be in place if its fee has not been paid. The Auction Agent may terminate this Agreement if, after notifying the Trustee, the Insurer and the Authority that it has not received payment of any Auction Agent Fee due it in accordance with the terms hereof, the Auction Agent does not receive such payment within 30 days. Any resignation or termination of the Auction Agent, other than as described in the immediately preceding sentence, shall not become effective until a Successor Auction Agent has been appointed and such Successor Auction Agent has accepted such position; provided, however, that the Auction Agent may petition a court of competent jurisdiction for a replacement. A Broker-Dealer Agreement provides that the Broker-Dealer thereunder may resign upon 30

days' notice and does not require, as a condition to the effectiveness of such resignation, that a replacement Broker-Dealer be in place. For any Auction Period during which there is no duly appointed Auction Agent, or during which there is no duly appointed Broker-Dealer, it will not be possible to hold Auctions, with the result that the interest rate on the ARCs will be the Maximum Rate.

Securities and Exchange Commission Inquiries

The Broker-Dealer has advised the Authority and St. Anthony's that it and various other firms that participate in the auction rate securities market received letters from the Securities and Exchange Commission ("**SEC**") staff in May of 2004 requesting information about their respective practices and procedures in the auction rate securities market. Pursuant to these requests, a Broker-Dealer and other firms provided information to the SEC staff. On May 31, 2006, the SEC announced that a number of firms who were active participants in the auction rate securities market settled allegations against them by agreeing to be censured, to pay in the aggregate approximately $13 million in penalties and to agree to certain undertakings. No action was taken by the SEC against UBS Securities LLC, the initial Broker Dealer, and UBS Securities LLC is not aware of any ongoing inquiries on this matter related to UBS Securities LLC.

Conversions between Interest Rate Periods

St. Anthony's may elect to convert all of the Bonds from one type of Interest Rate Period (other than from a Fixed Rate Period) to another type of Interest Rate Period as follows:

Notices by St. Anthony's. St. Anthony's shall give written notice of any proposed conversion to the Bond Trustee not fewer than seven Business Days prior to the date the notice of the proposed conversion must be given to affected Bondholders.

Notices by Bond Trustee. Upon receipt of notice from St. Anthony's, the Bond Trustee shall promptly give written notice of the proposed conversion to the Tender Agent, the Paying Agent, the Remarketing Agent, the Bond Insurer, the Auction Agent, the Broker-Dealer, the Liquidity Provider and any rating service that has notified the Bond Trustee in writing that it has established a rating for the Bonds (there is no Remarketing Agent or Liquidity Provider while the Bonds are ARCs). The Bond Trustee shall give notice (which may be combined, where applicable, with any required mandatory tender notice) by first class mail of the proposed conversion to the affected Owners of Bonds not less than 10 days before the proposed Conversion Date. Such notice shall state:

(1) the proposed Conversion Date and the proposed Interest Rate Period to be effective on such date;

(2) that the Bonds will be subject to mandatory tender for purchase on the Conversion Date;

(3) the conditions, if any, to the conversion, and the consequences of such conditions not being fulfilled;

(4) if the Bonds are in certificated form, information with respect to required delivery of Bond certificates and payment of the purchase price; and

(5) the new Interest Payment Dates and Record Dates.

Conditions to Conversion. No conversion of Interest Rate Periods will become effective unless:

(1) If the conversion is from a CP Rate Period, the Bond Trustee has received, prior to the date on which notice of conversion is required to be given to Owners, written confirmation from the Remarketing Agent that it has not established and will not establish any CP Interest Periods extending beyond the day before the Conversion Date; and

(2) If the conversion is either (A) from an ARCs Rate Period of one year or less, a CP Rate Period, a Weekly Rate Period or a Daily Rate Period to an ARCs Rate Period of more than one year, a Term Rate Period or a Fixed Rate Period, or (B) from an ARCs Rate Period of more than one year or a Term Rate Period to an ARCs Rate Period of one year or less, a CP Rate Period, a Weekly Rate Period or a Daily Rate Period, the Bond Trustee and the Authority have been provided, no later than one day before the Conversion Date, with a Favorable Opinion of Bond Counsel, which opinion shall be confirmed in writing on the Conversion Date; and

(3) If the conversion is to a Daily Rate Period, a Weekly Rate Period, a CP Rate Period or a Term Rate Period, (A) St. Anthony's shall have appointed (i) UBS Securities LLC dba UBS Investment Bank or another underwriting firm to act as the Remarketing Agent for the Series 2006A Bonds or Series 2006B Bonds, as applicable, and (ii) a Qualified Financial Institution or, with the prior written consent of the Bond Insurer, St. Anthony's or another Member of the Obligated Group to act as Liquidity Provider in accordance with the Bond Indenture and the Loan Agreement; and (B) St. Anthony's shall have furnished to the Bond Trustee and the Bond Insurer (i) an executed Remarketing Agreement whereby the Remarketing Agent agrees to perform the duties of the Remarketing Agent under the Bond Indenture, and (ii) a Liquidity Facility in form and substance reasonably satisfactory to the Remarketing Agent and the Bond Insurer, in an amount equal to the aggregate principal amount of all Outstanding Series 2006A Bonds or Series 2006B Bonds, as applicable, plus an amount equal to at least 34 days interest (183 days interest if the conversion is to Term Rate Bonds or, if the conversion is to CP Rate Bonds, the maximum number of days of a CP Interest Period, plus five days) on all affected Bonds at the Maximum Rate for the Bonds other than Liquidity Provider Bonds, under which the Liquidity Provider is required to purchase Bonds tendered for purchase in accordance with the Bond Indenture, together with an Opinion of Counsel, to the effect that the Liquidity Facility has been duly authorized, executed and delivered by the Liquidity Provider, is a valid and binding and enforceable obligation of the Liquidity Provider (subject as to enforcement to customary exceptions regarding bankruptcy, insolvency and similar laws and principles of equity), and that the Liquidity Facility will not require any Bonds (or any securities evidenced thereby) to be registered under the Securities Act of 1933, as amended, or the Bond Indenture to be qualified under the Trust Indenture Act of 1939, as amended (there is no Remarketing Agent or Liquidity Provider while the Bonds are ARCs); and

(4) If the conversion is to an ARCs Rate Period, (A) St. Anthony's shall have appointed an Auction Agent and Broker-Dealer and (B) St. Anthony's shall have furnished to the Bond Trustee and the Bond Insurer an Auction

Agency Agreement and a Broker-Dealer Agreement in substantially the forms initially executed in connection with the issuance of the Bonds; and

(5) If the conversion is to a Fixed Rate Period, St. Anthony's shall notify in writing the Bond Trustee of its irrevocable election to effect such a conversion, specify in the notice the Conversion Date on which the Fixed Rate Period is to commence, and delivering with such notice a firm underwriting or purchase contract from a recognized firm of bond underwriters or recognized institutional investors, which can be the Remarketing Agent, to underwrite or purchase all of Series 2006A Bonds or Series 2006B Bonds, as applicable, at a price of 100% of the principal amount thereof at an agreed upon interest rate which such underwriter or institutional investor certifies is the lowest rate that will permit the affected Bonds to be sold at par on the first day of the Fixed Rate Period and containing a mandatory sinking fund redemption schedule prepared in accordance with the Bond Indenture. Upon receipt by the Bond Trustee of such notice from St. Anthony's, the Bond Trustee shall immediately cause the same information contained in such notice to be delivered to the Tender Agent, the Remarketing Agent, the Bond Insurer, the Liquidity Provider and any rating service that has notified the Bond Trustee in writing that it has established a rating for the Bonds; and

(6) The conversion shall not occur unless the Conversion Date is a date on which the Bonds being converted could be redeemed without premium pursuant to the optional redemption provisions of the Bond Indenture.

Failure of Conditions to Conversion. In the event any condition precedent to a conversion is not fulfilled, (i) the Conversion Date shall not occur, (ii) the mandatory tender shall not occur, (iii) any affected ARCs Rate Bond shall continue to be an ARCs Rate Bond and shall continue to be payable at the applicable ARCs Rate for the balance of the ARCs Interest Period then applicable thereto (without regard to the attempted conversion) and shall bear interest for the next succeeding ARCs Interest Period at (1) the applicable ARCs Rate determined in accordance with the ARCs Provisions if St. Anthony's withdraws notice of the exercise of its option to effect conversion and the next succeeding Auction Date occurs more than two Business Days after the Business Day on which the Bond Trustee receives notice of withdrawal of the conversion from St. Anthony's or (2) the Maximum Rate determined by the Auction Agent as provided in the ARCs Provisions in all other cases, and (iv) any other affected Bond shall continue in the then existing Interest Rate Period with the length of the interest period and the interest rate being determined in accordance with the Bond Indenture. Notice of withdrawal of a conversion notice shall be given by St. Anthony's to the Authority, the Bond Trustee, the Remarketing Agent, the Tender Agent, the Paying Agent, the Bond Insurer, the Liquidity Provider (there is no Remarketing Agent or Liquidity Provider while the Bonds are ARCs) and the Auction Agent (in the case of conversion of ARCs) by telephone, promptly confirmed in writing, and shall thereafter be promptly given to the Bondholders by the Bond Trustee by first-class mail. No cancellation of conversion pursuant to the foregoing provisions shall constitute an Event of Default.

Terms Upon Conversion. Bonds in an Interest Rate Period other than an ARCs Rate Period shall have interest rate, redemption and other terms as set forth in the Bond Indenture. This Official Statement only describes the Bonds while they are in the ARCs Rate Period, and does not describe the terms and provisions of Bonds in any other Interest Rate Period and is not intended to be used in connection with any offer to sell Bonds in any such other Interest Rate Period unless supplemented to describe such terms for such other Interest Rate Period.

Mandatory Tenders of ARCs

ARCs are subject to mandatory tender upon not fewer than 10 days' notice, by first class mail to the affected Owners of the ARCs, upon the conditions described under "**Conversions between Interest Rate Periods**" above. Any ARCs subject to conversion and not tendered on the Conversion Date for which there has been irrevocably deposited in trust with the Bond Trustee or the Tender Agent an amount sufficient to pay the Purchase Price for such ARCs, will be deemed to have been tendered for purchase and will not be entitled to any further interest thereon. The Purchase Price of ARCs tendered for purchase is equal to their principal amount plus (if such Purchase Date is not an Interest Payment Date therefor) accrued and unpaid interest to such Purchase Date.

For so long as DTC is effecting book-entry transfers of the Bonds, the Bond Trustee will provide the mandatory tender notice described above to DTC. It is expected that DTC will, in turn, notify its participants and that the participants, in turn, will notify or cause to be notified the Beneficial Owners of the Bonds. The Authority, the Bond Trustee and St. Anthony's will have no responsibility or liability in connection with the failure on the part of DTC or a participant, or failure on the part of a nominee of a Beneficial Owner of a Bond, to notify the Beneficial Owner of the Bond so affected, and such failure shall not affect the validity of a mandatory tender for such Bond. See **"BOOK-ENTRY SYSTEM"** below.

No Optional Tenders of ARCs; Sales on Interest Payment Dates

ARCs are not subject to optional tender. The ability of Owners of ARCs to sell ARCs at par on an Interest Payment Date is subject to the procedures described herein in **Appendix F**. No assurance can be given that any sale of ARCs will be consummated.

Redemption Prior to Maturity

The Bonds are subject to optional and mandatory redemption prior to maturity as follows:

Optional Redemption of the Bonds. The Bonds that are ARCs are subject to redemption and payment prior to the Maturity Date, at the option of the Authority upon written direction from St. Anthony's, in whole or in part on any Interest Payment Date at the redemption price of **100%** of the principal amount thereof, plus accrued interest to the redemption date. Under the terms of the Bond Indenture, the Bonds may not be called for purchase by St. Anthony's in lieu of optional redemption without the express written consent of the Bond Insurer.

Extraordinary Optional Redemption. The Bonds are subject to redemption and payment prior to the Maturity Date thereof, at the option of the Authority upon written direction of St. Anthony's, in whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, upon the occurrence of any of the following events: (1) all or a substantial portion of the facilities financed or refinanced with the proceeds of the Bonds are damaged or destroyed by fire or other casualty, or title to, or the temporary use of, all or a substantial portion of such facilities are condemned or taken for any public or quasi-public use by any authority exercising or threatening the exercise of the power of eminent domain or title thereto is found to be deficient, to such extent that in the determination of St. Anthony's (A) such facilities cannot be reasonably restored or replaced to the condition thereof preceding such event, or (B) St. Anthony's is thereby prevented from carrying on its normal operations of such facilities, or (C) the cost of restoration or replacement thereof would exceed the net proceeds of any casualty insurance, title insurance, condemnation awards or sale under threat of condemnation with respect thereto; or (2) as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of

legislative or administrative action (whether state or federal) or by final direction, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by St. Anthony's in good faith, the Bond Indenture or the Loan Agreement becomes void or unenforceable or impossible of performance.

The Bonds are also callable for redemption prior to maturity in the event that (1) the Board of Directors of St. Anthony's determines in good faith that continued operation of all or a portion of any property financed or refinanced with the proceeds of the Bonds (the **"Bond Financed Property"**) is not financially feasible or is otherwise disadvantageous to St. Anthony's; (2) as a result thereof, St. Anthony's sells, leases or otherwise disposes of all or a portion of the Bond Financed Property to a person or entity unrelated to St. Anthony's; and (3) there is delivered to the Authority and the Bond Trustee a Favorable Opinion of Bond Counsel to the effect that, unless all or a portion of the Bonds are redeemed or retired in the amount specified either prior to or concurrently with such sale, lease or other disposition, or on a subsequent date prior to the first date on which such Bonds are subject to redemption, without premium, at the option of the Authority at the direction of St. Anthony's, such Bond Counsel will be unable to render an unqualified opinion that such sale, lease or other disposition of all or a portion of such Bond Financed Property will not adversely affect the validity of any Bonds or any exemption from federal income taxation to which the interest on such Bonds would otherwise be entitled.

[Remainder of this page intentionally left blank]

Scheduled Mandatory Redemption of Series 2006A Bonds. The Series 2006A Bonds that are ARCs are subject to scheduled mandatory redemption by the Authority on December 1, (or, if December 1, is not an Interest Payment Date, on the Interest Payment Date immediately preceding that date) in the years set forth below in the amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium:

Year	Principal Amount
2009	$ 300,000
2010	325,000
2011	350,000
2012	375,000
2013	375,000
2014	400,000
2015	400,000
2016	425,000
2017	450,000
2018	500,000
2019	475,000
2020	500,000
2021	525,000
2022	575,000
2023	575,000
2024	600,000
2025	625,000
2026	625,000
2027	700,000
2028	700,000
2029	750,000
2030	750,000
2031	3,550,000
2032	3,700,000
2033	3,875,000
2034	4,025,000
2035	4,200,000
2036*	4,375,000

* Final Maturity

[Remainder of this page intentionally left blank]

Scheduled Mandatory Redemption of Series 2006B Bonds. The Series 2006B Bonds that are ARCs are subject to scheduled mandatory redemption by the Authority on December 1, (or, if December 1, is not an Interest Payment Date, on the Interest Payment Date immediately preceding that date) in the years set forth below in the amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium:

Year	**Principal Amount**
2009	$ 300,000
2010	325,000
2011	350,000
2012	375,000
2013	375,000
2014	400,000
2015	400,000
2016	425,000
2017	450,000
2018	500,000
2019	475,000
2020	500,000
2021	525,000
2022	575,000
2023	575,000
2024	600,000
2025	625,000
2026	625,000
2027	700,000
2028	700,000
2029	750,000
2030	750,000
2031	3,550,000
2032	3,700,000
2033	3,875,000
2034	4,025,000
2035	4,200,000
2036*	4,375,000

* Final Maturity

St. Anthony's will receive credits against scheduled mandatory redemption obligations in the following manner. At the option of St. Anthony's, to be exercised by delivery of a written certificate to the Bond Trustee on or before the **45th** day next preceding any scheduled mandatory redemption date under the Bond Indenture, it may (1) deliver to the Bond Trustee for cancellation Bonds subject to scheduled mandatory redemption on that date or portions thereof in Authorized Denominations or (2) specify a principal amount of Bonds or portions thereof in Authorized Denominations which prior to said date have been purchased or redeemed (otherwise than pursuant to the terms outlined in this paragraph) and cancelled by the Bond Trustee at the request of St. Anthony's and not theretofore applied as a credit against any scheduled mandatory redemption payment. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Bond Trustee at the principal amount thereof against the obligation of the Authority to redeem Bonds on the scheduled mandatory redemption date or dates designated in writing to the Bond Trustee by a Corporation Representative (as defined in the Bond

Indenture) occurring at least **45** days after delivery of such designation to the Bond Trustee, provided that if no such designation is made, such credit shall not be credited against such obligation.

Selection of Bonds to be Redeemed

Bonds shall be redeemed only in Authorized Denominations. If less than all Bonds are to be redeemed and paid prior to maturity, such Bonds shall be selected by the Bond Trustee by such method as the Bond Trustee shall deem fair and appropriate; provided that Corporation Bonds shall be redeemed before other Bonds are redeemed, and Corporation Bonds shall be cancelled unless the Bond Insurer consents otherwise. In the case of a partial redemption of Bonds when Bonds of denominations greater than the minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each principal amount equal to the minimum Authorized Denomination shall be treated as though it was a separate Bond of the minimum Authorized Denomination. If it is determined that a portion, but not all, of the principal amount represented by any Bond is to be selected for redemption, then upon notice of intention to redeem such portion, the Owner of such Bond or such Owner's attorney or legal representative shall forthwith present and surrender such Bond to the Bond Trustee (1) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the principal amount called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond shall fail to present such Bond to the Bond Trustee for payment and exchange as aforesaid, said Bond shall, if funds are on deposit with the Bond Trustee for such purpose, nevertheless, become due and payable on the redemption date to the extent of the principal amount called for redemption (and to that extent only).

Notice and Effect of Call for Redemption

Official notice of any such redemption shall be given by the Bond Trustee on behalf of the Authority by mailing a copy of an official redemption notice by first class mail at least **30** days and not more than **60** days prior to the redemption date to each Registered Owner of the Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Trustee. In addition to the foregoing notice, further notice shall be given by the Bond Trustee on behalf of the Authority as set forth in the Bond Indenture. Any notice of optional redemption or extraordinary optional redemption of Bonds may specify that the redemption is contingent upon the deposit of moneys with the Bond Trustee in an amount sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date, in such event, failure to deposit such moneys on the Redemption Date will not constitute an event of default and the Bonds so called for redemption will not be redeemed. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Authority shall default in the payment of the redemption price or unless such redemption is made contingent as described above in this paragraph) such Bonds or portions of Bonds shall cease to bear interest. Failure to give any notice to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives the notice.

For so long as DTC is effecting book-entry transfers of the Bonds, the Bond Trustee shall provide the notices specified above to DTC. It is expected that DTC shall, in turn, notify the DTC Participants and that the DTC Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Bond Trustee, a DTC Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Registration, Transfer and Exchange

The Bonds will be issued in fully registered form in denominations of $25,000 and any integral multiple thereof. Each Bond will be registered in the name of the owner thereof on the registration books maintained by the Bond Trustee. The Bonds are transferable by the registered holder thereof or by such holder's attorney or legal representative duly authorized in writing upon presentation thereof at the principal corporate trust office of the Bond Trustee. Any Bond may be exchanged at the principal corporate trust office of the Bond Trustee for a like aggregate principal amount of Bonds of the same maturity, of any authorized denomination, and bearing interest at the same interest rate. The Bond Trustee and the Authority may charge a fee covering taxes and other governmental charges in connection with any exchange or transfer of any Bond. The Bond Trustee shall not be required to register the transfer of or exchange any Bond that has been called or selected for call for redemption or during the period of fifteen days next preceding the mailing of a notice of redemption. The foregoing provisions for the registration, transfer and exchange of the Bonds will not be applicable to purchasers of the Bonds so long as the Bonds are subject to the DTC or other book-entry only system.

Additional Bonds

No additional Bonds are permitted to be issued under the Bond Indenture. However, additional Indebtedness (as defined in the Master Indenture) may be incurred by one or more Members of the Obligated Group upon compliance with the debt incurrence tests in the Master Indenture described in **Appendix C** under the caption "**SUMMARY OF THE MASTER TRUST INDENTURE – Permitted Additional Indebtedness**". Such Indebtedness could be secured with additional Notes issued under the Master Indenture on a parity basis with the Series 2006 Master Notes and the Series 2005 Master Notes.

Bond Insurer Deemed Owner of Series 2006 Master Notes; Right to Consent and Direct Remedies

The Bond Insurer is deemed to be the registered holder of the Series 2006 Master Notes for purposes of any right of such registered holder under the Master Indenture, including the right to consent to the execution of any supplement or amendment to the Master Indenture and any right of such registered holder under the Master Indenture to direct, consent to any action or remedy to be undertaken by the Master Trustee pursuant to the Master Indenture. The Bond Insurer shall also have the right to consent to the execution of any supplement or amendment (with certain exceptions in respect of certain supplements and amendments not requiring the consent of the Bondowners) to the Bond Indenture or the Loan Agreement. The Bond Insurer acting alone shall have the right to control and direct (as the deemed owner of the Bonds for these purposes) all remedies upon default and to waive Events of Default under the Bond Indenture and to approve any amendment to the Bond Indenture or the Loan Agreement requiring the consent of the owners of the Bonds. The Bond Insurer acting alone shall also have the right to control or direct (as the deemed owner of the Bonds for these purposes) any action relating to the recognition of notice of defaults by the Bond Trustee and relating to the removal or replacement of the Bond Trustee. The foregoing rights of the Bond Insurer are subject to certain conditions, including that the Bond Insurer is not insolvent and is not in default of any of its payment obligations under the Bond Insurance Policy. See "**SUMMARY OF THE BOND INDENTURE - Bond Insurer Deemed to be Holder of Master Notes**" and **-** "**Rights of the Bond Insurer**" in **Appendix C** hereto.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the Bonds. The 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 Bonds 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. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, 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 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 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 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 ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as

redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Trustee 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 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 Authority or the Bond Trustee, on payable 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 Participant and not of DTC, nor its nominee, the Bond Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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 Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

St. Anthony's may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will be issued under and will be equally and ratably secured under the Bond Indenture, which will assign and pledge to the Bond Trustee (1) the Series 2006 Master Notes, (2) certain rights of the Authority under the Loan Agreement, including all Loan Payments, (3) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds, (4) the funds and accounts (except the Rebate Fund), including the money and investments in them, which the Bond Trustee holds under the terms of the Bond Indenture, and (5) certain

other property being held by the Bond Trustee under the Bond Indenture. The Series 2006 Master Notes will constitute an unconditional promise by the Obligated Group to pay amounts sufficient to pay principal of (whether at maturity, by acceleration or call for redemption) and premium, if any, and interest on the Bonds.

Special, Limited Obligations

The Bonds and the interest thereon are special, limited obligations of the Authority, payable solely from certain payments to be made by St. Anthony's under the Loan Agreement, by payments to be made by the Obligated Group under the Series 2006 Master Notes, and certain other funds held by the Bond Trustee under the Bond Indenture and not from any other fund or source of the Authority, and are secured under the Bond Indenture and the Loan Agreement as described herein.

The Bonds shall not constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State or of any political subdivision thereof or of the Authority. The issuance of the Bonds shall not, directly, indirectly, or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Authority has no taxing power.

The Bond Indenture

Pledge and Assignment Under the Bond Indenture. Under the Bond Indenture, the Authority will pledge and assign to the Bond Trustee, for the benefit of the bondholders, all of its rights under the Loan Agreement and the Series 2006 Master Notes including all Loan Payments and other amounts payable under the Loan Agreement except for the Authority's rights to payment of its fees and expenses and the Authority's right to indemnification in certain circumstances and as otherwise expressly set forth in the Loan Agreement as security for the payment of the principal of and redemption premium, if any, and interest on the Bonds. See **"BONDHOLDERS' RISKS"** herein and **"SUMMARY OF THE BOND INDENTURE"** in **Appendix C** hereto.

The Loan Agreement

Loan Payments. Under the Loan Agreement, St. Anthony's is required to make Loan Payments to the Bond Trustee for deposit into the Debt Service Fund in amounts sufficient to pay the principal of, redemption premium, if any and interest on the Bonds when due, and to make certain other payments. St. Anthony's obligations to make Loan Payments and to pay other amounts under the Loan Agreement are absolute and unconditional. See "**SUMMARY OF THE LOAN AGREEMENT**" in **Appendix C**.

The Master Indenture

Series 2006 Master Notes. To secure the payments required to be made under the Loan Agreement, St. Anthony's, as Obligated Group Agent, will issue the Series 2006 Master Notes under the Master Indenture, payable to the Authority, which Series 2006 Master Notes will be pledged and assigned by the Authority to the Bond Trustee to secure the payment of the Bonds. The Series 2006 Master Notes stand on parity with the Series 2005 Master Notes and will stand on a parity under the Master Indenture with any additional Notes that may hereafter be issued under and in accordance with the terms of the Master Indenture.

Master Indenture Notes. Under the Master Indenture, each Member of the Obligated Group may issue Notes to evidence or secure Indebtedness (as defined in the Master Indenture). All Members of the Obligated Group are jointly and severally liable with respect to the payment of each Note issued under the Master Indenture. For a discussion of entry to or withdrawal from the Obligated Group, see "**SUMMARY OF THE MASTER TRUST INDENTURE - Entrance into The Obligated Group**" and "**Cessation of Status as a Member of the Obligated Group**" in **Appendix C**.

Gross Revenues Pledge. Each Member of the Obligated Group has pledged and granted to the Master Trustee a security interest in its Gross Revenues as security for its obligations under the Master Indenture, including the Series 2006 Master Notes. Under the Master Indenture, "**Gross Revenues**" means all income, revenues, receipts and other moneys received by or on behalf of any Member of the Obligated Group from any sources and all rights to receive the same whether in the form of accounts, contract rights, chattel paper, instruments, general intangibles or other rights now owned or hereafter acquired by any Member of the Obligated Group, and all proceeds therefrom whether cash or noncash, all as defined in Article 9 of the Uniform Commercial Code of the applicable state where a Member is located; excluding, however, gifts, grants, bequests, donations and contributions to any Member of the Obligated Group made, and the income and gains derived therefrom, which are specifically restricted by the donor, testator or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture or on the Notes.

Negative Pledge. While no Property (other than Gross Revenues) of the Members of the Obligated Group will be mortgaged, assigned or pledged under the Master Indenture, each Member covenants thereunder not to create or permit any lien on its Property other than those specifically permitted under the terms of the Master Indenture. See "**SUMMARY OF THE MASTER TRUST INDENTURE - Liens on Property**" in **Appendix C**.

Rate Covenant. Each Member of the Obligated Group agrees to operate its facilities on a revenue producing basis and to charge such rates and fees for its facilities and services as to provide income from its facilities, together with other available funds from the Obligated Group, to maintain the debt service coverage ratio at not less than 1.10 in each fiscal year, as required by the Master Indenture. See "**SUMMARY OF THE MASTER TRUST INDENTURE - Rates and Charges**" in **Appendix C**.

Disposition of Property of Obligated Group Members. Each Member of the Obligated Group agrees to restrictions on the disposition of Property of Members of the Obligated Group. See "**SUMMARY OF THE MASTER TRUST INDENTURE - Sale, Lease or Other Disposition of Property**" in **Appendix C**.

Additional Indebtedness. The Master Indenture restricts the Indebtedness which may be incurred by Members of the Obligated Group as described under the caption "**SUMMARY OF THE MASTER TRUST INDENTURE - Permitted Additional Indebtedness**" in **Appendix C**.

THE BOND INSURANCE POLICY

Ambac Assurance Corporation ("**Ambac Assurance**" or the "**Bond Insurer**") has made a commitment to issue a financial guaranty insurance policy (the "**Bond Insurance Policy**") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, New York, New York or any successor thereto (the "**Insurance Trustee**") that portion of the principal of and interest on the Bonds which shall become due for payment but shall be unpaid by reason of nonpayment by St. Anthony's (as

such terms are defined in the Bond Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes due for payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Bond Trustee. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Bond Trustee has notice that any payment of principal of or interest on a Bond which has become due for payment and which is made to a holder by or on behalf of St. Anthony's has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Bond Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Bond Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Bond Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Bond Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bonds; appurtenant coupon, if any, or right to payment of principal or interest on such Bonds and will be fully subrogated to the surrendering holder's rights to payment.

The Bond Insurance Policy does not insure against loss relating to payments made in connection with the sale of Bonds at Auctions or losses suffered as a result of a Holder's inability to sell Bonds.

THE BOND INSURER

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $9,417,000,000 (unaudited) and statutory capital of approximately $5,879,000,000 (unaudited) as of March 31, 2006. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its Financial Guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by St. Anthony's.

Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the captions "**THE BOND INSURANCE POLICY**" AND "**BOND INSURER**."

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. ("**Ambac Financial Group**"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and in accordance therewith files reports, proxy statements and other information with the SEC. These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including Ambac Financial Group. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "**NYSE**"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available form Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed Ambac Financial Group with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. Ambac Financial Group's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and filed on March 13, 2006;

2. Ambac Financial Group's Current Report on Form 8-K dated and filed on April 26, 2006; and

3. Ambac Financial Group's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2006 and filed on May 10, 2006.

All documents subsequently filed by Ambac Financial Group pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**Available Information**."

[Remainder of this page intentionally left blank]

DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year of St. Anthony's the estimated debt service requirements on the Bonds and the Series 2005 Bonds, in accordance with the assumption set forth in the footnote to the table.

Year Ending June 30	Bonds		Outstanding Indebtedness (Series 2005 Bonds)[1]	Total Debt Service
	Principal	Interest[1]	Principal and Interest	
2006	$ -	$ -	$ 1,379,057	$ 1,379,057
2007	-	2,638,323	5,165,257	7,803,580
2008	-	2,729,300	5,188,222	7,917,522
2009	-	2,729,300	5,158,500	7,887,800
2010	600,000	2,717,603	5,225,196	8,542,799
2011	650,000	2,693,234	5,188,308	8,531,542
2012	700,000	2,666,916	5,198,733	8,565,649
2013	700,000	2,639,623	5,205,575	8,545,198
2014	750,000	2,611,355	5,208,834	8,570,189
2015	800,000	2,581,138	5,208,510	8,589,648
2016	800,000	2,549,946	5,253,707	8,603,653
2017	850,000	2,517,779	5,244,426	8,612,205
2018	900,000	2,483,663	5,231,561	8,615,224
2019	1,000,000	2,446,623	5,215,114	8,661,736
2020	950,000	2,408,607	5,293,292	8,651,899
2021	1,000,000	2,370,592	5,266,095	8,636,687
2022	1,050,000	2,330,627	5,284,420	8,665,047
2023	1,150,000	2,287,738	5,248,266	8,686,004
2024	1,150,000	2,242,900	5,306,737	8,699,637
2025	1,200,000	2,197,087	5,308,939	8,706,025
2026	1,250,000	2,149,324	5,305,765	8,705,089
2027	1,250,000	2,100,586	5,346,322	8,696,908
2028	1,400,000	2,048,925	5,330,608	8,779,533
2029	1,400,000	1,994,339	5,358,624	8,752,963
2030	1,500,000	1,937,803	5,330,370	8,768,173
2031	1,500,000	1,879,318	5,394,950	8,774,268
2032	7,100,000	1,711,661	-	8,811,661
2033	7,400,000	1,428,984	-	8,828,984
2034	7,750,000	1,133,634	-	8,883,634
2035	8,050,000	825,613	-	8,875,613
2036	8,400,000	504,921	-	8,904,921
2037	8,750,000	170,581	-	8,920,581
Total	$70,000,000	$65,728,042	$132,845,383	$268,573,425

[1] Assumes interest at the fixed rate payable under the terms of the Swap Agreement and the swap agreement executed in connection with the Series 2005 Bonds.

BONDHOLDERS' RISKS

General

The Bonds are special, limited obligations of the Authority, payable solely from payments to be made by St. Anthony's under the Loan Agreement. Except as noted herein, including the obligations of the Bond Insurer under the Bond Insurance Policy, the Bonds will be payable solely from the payments made by St. Anthony's under the Loan Agreement and from payments on the Series 2006 Master Notes by the Members of the Obligated Group (including any future Member of the Obligated Group) pursuant to the Master Indenture, payments on the Series 2006A and 2005B Master Notes and certain other funds held by the Bond Trustee under the Bond Indenture. No representation or assurance can be given that St. Anthony's or the other Members of the Obligated Group or the Obligated Group will realize revenues in amounts sufficient to make such payments under the Loan Agreement and on the Series 2006 Master Notes and to pay other expenses and obligations of the Members of the Obligated Group and the Obligated Group. Further, there is no assurance that the revenues of the Members of the Obligated Group can be increased sufficiently to compensate for cost increases that may occur.

The receipt of future revenues by the Obligated Group is subject to, among other factors, federal and state laws, regulations and policies affecting the health care industry and the policies and practices of major managed care providers, private insurers and other third-party payors and private purchasers of health care services, as well as other economic and technological factors. The effect on the Members of the Obligated Group of recently enacted laws and regulations and recently adopted policies, and of future changes in federal and state laws, regulations and policies, and private policies, cannot be determined at this time. Loss of established managed care contracts of a Member of the Obligated Group could also adversely affect its future revenues.

This discussion of risk factors is not, and is not intended to be, exhaustive.

The Bond Insurer

In the event St. Anthony's fails to make regularly scheduled payments of the principal of and interest on any Bonds when the same become due, any owner of such Bonds shall have recourse against the Bond Insurer for such payments. There can be no assurance that the Bond Insurer will have sufficient revenues to enable it to make timely payments on such Bonds. Moreover, the Bond Insurance Policy does not insure the principal of or interest on the Bonds coming due by reason of acceleration, optional redemption, special redemption or extraordinary optional redemption, nor does it insure the payment of any redemption premium payable upon the optional redemption of the Bonds.

Under no circumstances, including the situation in which interest on the Bonds becomes subject to federal taxation for any reason, can the maturities of the Bonds be accelerated except with the consent of the Bond Insurer, unless the Bond Insurer has defaulted on its obligations under the Bond Insurance Policy or renounced its obligations thereunder. Furthermore, so long as the Bond Insurer performs its obligations under such Bond Insurance Policy, the Bond Insurer may direct, and must consent to, any remedies that the Bond Trustee exercises under the Bond Indenture.

In the event that the Bond Insurer is unable to make payments of principal and interest on a Series of Bonds as such payments become due, such Bonds will be payable solely from moneys received by the Bond Trustee pursuant to the Series 2006 Master Notes, the Loan Agreement and the Bond Indenture. See **"THE BOND INSURANCE POLICY"** herein for further information concerning the Bond Insurer and the Bond Insurance Policy.

The ratings on the Bonds are dependent on the ratings of Ambac Assurance. Ambac Assurance's current ratings are predicated upon, among other things, a level of reserves in excess of the levels required by the various state agencies regulating insurance companies. The level of reserves maintained by Ambac Assurance could change over time and this could result in a downgrading of the ratings on the Bonds. Ambac Assurance is not contractually bound to maintain its present level of reserves in the future. See **"RATINGS"** herein.

So long as the Bonds are Outstanding and Ambac Assurance is not in default under the Bond Insurance Policy, Ambac Assurance shall be deemed the owner of the Bonds for purposes of all actions under the Bond Indenture which require or permit the consent, direction or request of the owners of the Bonds. Most actions under the Bond Indenture which require or permit the consent, direction or request of the owners of the Bonds shall only require or permit the consent, direction or request of Ambac Assurance in place of the actual registered Bondholder.

Market for the Bonds

The initial Broker-Dealer has advised St. Anthony's that it intends to make a market in the Auction Rate Securities between Auctions; however, the Broker-Dealer is not obligated to make such markets, and no assurance can be given that secondary markets therefor will develop. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

Utilization of Derivatives Markets

The Obligated Group intends to utilize the derivatives markets (including swaps) to manage its exposure to interest rate fluctuations. See **"PLAN OF FINANCING – Swap Agreement."**

Swap agreements are subject to periodic "mark-to-market" valuations. A swap agreement may, at any time, have a positive or negative value to the Obligated Group. If the Obligated Group chooses to terminate a swap agreement or if a swap agreement is terminated pursuant to an event of default or a termination event as described in the swap agreement, the Obligated Group may be required to pay a termination payment to the swap provider, and such payment may adversely affect the Obligated Group's and any future members of the Obligated Group's financial condition.

Nonprofit Healthcare Environment

The Members of the Obligated Group are each nonprofit corporations, exempt from federal income taxation as organizations described in Section 501(c)(3) of the Code. As nonprofit exempt organizations, the Members of the Obligated Group are each subject to federal, state and local laws, regulations, rulings and court decisions relating to its organization and operation, including its operation for charitable purposes. At the same time, the members of the Obligated Group each conduct complex business transactions and St. Anthony's is a major employer in the geographic area in which it operates. 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 healthcare organization. Recently, a variety of sources, including state attorneys general, the IRS, labor unions, Congress, state legislatures, and patients have challenged or questioned the operations or practices of healthcare providers to determine if they are consistent with the regulatory requirements for not-for-profit tax-exempt organizations. Areas which have come under examination have included charitable activities, pricing practices, billing and collection practices, charitable care, challenges to property tax-exemptions, joint ventures with non-exempt entities, executive compensation, unrelated business income and others. Representative examples are described below.

Congressional Hearings and Investigations. Congressional Committees are investigating the practices and operation of tax-exempt entities, including practices by tax-exempt hospitals relating to, among other items (1) participation in joint ventures and activities substantially related to the exempt purpose of the organization, (ii) billing and collection practices and prices charged to uninsured patients, (iii) compensation, and (iv) conflicts of interest. The Committees are considering a wide range of reforms in the area of tax-exempt organizations, including a proposal for a five-year review of tax-exempt status by the IRS. It is uncertain if any of the staff proposals will be adopted by an entire Congressional Committee or if a Committee will recommend legislative changes as a result of the hearings and investigations.

Internal Revenue Service Examination of Compensation Practices. In August 2004, the IRS 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 reportedly contacted nearly 1,200 charities and foundations to seek more information about their compensation practices and procedures. The IRS announced that it will publish the results of its compensation project in a study to be released later this year. The IRS began its enforcement project at the end of July, 2004 and reported that 200 examinations were commenced as a result of the project. St. Anthony's has not been contacted by the IRS in connection with this enforcement effort. In addition to the enforcement project, the IRS announced other initiatives that are designed to increase the accuracy of compensation reporting, including modifications to the compensation required to be reported on the tax-exempt hospital's annual information return (Form 990) to be filed with the IRS. St. Anthony's believes that it is in compliance with requirements relating to the compensation of its employees and contractors.

Litigation Relating to Billing and Collection Practices. Lawsuits have been filed in both federal and state courts alleging, among other things, that the defendant hospitals have failed to fulfill their obligations to provide charity care to uninsured patients and have overcharged uninsured patients. To date, St. Anthony's has not been a party to any such lawsuit, but there can be no assurance that St. Anthony's will not be named in the future. In February, 2006, a class action petition against St. Anthony's was filed in St. Louis County Circuit Court, alleging that the named plaintiff, and others similarly situated, were uninsured and overcharged for medical services at St. Anthony's. The impact of this litigation on St. Anthony's cannot be quantified.

Local Government Challenges to Property Tax-Exemptions. Recent years have seen significantly increased efforts by local governments in many states to challenge the exempt status of nonprofit corporations' property. The bases for these challenges generally have been either nonuse of real property for the charitable object of the tax-exempt organization or inadequate levels of public benefit or uncompensated care. Although such challenges have been rare in Missouri, there can be no guarantee that such challenges will not increase in the future. Any such challenges to the exempt status of property of the Obligated Group, if successful, could result in significant additional expense to the Obligated Group in the form of property taxes or payments in lieu of taxes.

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 Obligated Group. The challenges and examinations, and any resulting legislation, regulations, judgments, or penalties, could have a material adverse effect on the Obligated Group.

Payment for Health Care Services

Most of the patient service revenues of St. Anthony's are, and any present and future Members of the Obligated Group will be, derived from third-party payors which reimburse or pay for the services and items provided to patients covered by such third parties for such services, including the federal Medicare program, state Medicaid programs and private health plans and insurers, health maintenance organizations ("**HMOs**"), preferred provider organizations ("**PPOs**") and other managed care payors. Many of these programs make payments to St. Anthony's and any future Members of the Obligated Group at rates other than the direct charges of St. Anthony's and any future Members of the Obligated Group for such services. Rates may be determined on a basis of other than actual costs incurred in providing services and items to such patients. Accordingly, there can be no assurance that payments made under these programs will be adequate to cover the Obligated Group's actual costs of furnishing health care services and items. In addition, the financial performance of the Obligated Group could be adversely affected by the insolvency of, or other delay in receipt of payments from, third-party payors.

Recent Statutory and Regulatory Activity. Many bills have been proposed, introduced and enacted to alter the financing of, payment for and delivery of the services provided by St. Anthony's. Although there are wide variations among these bills, decreases in payments for services are a common theme. Health care providers have been and continue to be affected significantly by changes made in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. On February 8, 2006, President Bush signed the Deficit Reduction Act of 2005 (the **"DRA"**), which reduces Medicare and Medicaid spending by $11.1 billion from 2006 to 2010 and an additional $37.7 billion from 2011 to 2015. Other bills, such as the President's proposed budget for fiscal year 2007 and the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "**MMA**") are designed to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs. Diverse and complex mechanisms to limit the amount of money paid to health care providers under both the Medicare and Medicaid programs have been enacted, some of which are being implemented and some of which will be or may be implemented in the future.

Medicare Reimbursement. A significant portion (47.8% in FY2005) of St. Anthony's gross revenues is derived from the Medicare program. Medicare is a federal program administered by the Centers for Medicare and Medicaid Services ("**CMS**") (formerly, The Health Care Financing Administration), an agency of the United States Department of Health and Human Services ("**HHS**"), fiscal intermediaries and carriers. Available to individuals age 65 or over, and certain other classes of individuals, the Medicare program provides, among other things, health care benefits that cover, within prescribed limits, the major costs of most medically necessary physician care for such individuals, subject to certain deductibles and co-payments. Medicare Part A pays acute care hospitals for most inpatient services under a payment system known as the "**Prospective Payment System**", or "**PPS**". Separate PPS payments are made for inpatient operating costs and inpatient capital-related costs. As a consequence, any adverse development or change in Medicare reimbursement could have a material adverse effect on the financial condition and results of operations of St. Anthony's.

> Inpatient Operating Costs. Medicare pays acute care hospitals a specified amount towards their operating costs based on the Diagnosis Related Group ("**DRG**") to which each Medicare patient is assigned, which is determined by the diagnoses, procedures and other factors for each particular inpatient stay. The amount paid for each DRG is established prospectively by CMS as a part of the hospital PPS. Each DRG has a weight established for it based on charges submitted by hospitals for Medicare patients.

Market Basket Adjustments. DRG payments are adjusted annually based on the hospital "market basket" index, or the cost of providing health care services. For nearly every year since 1983, Congress has modified the increases and given substantially less than the increase in the "market basket" index. For fiscal year 2007, CMS proposes to increase payment rates by the full market basket increase of 3.4%, which equates to approximately $3.3 billion increase over federal fiscal year 2006.

Hospital Quality Initiative Adjustments. Under current law according to the Congressional Budget Office, Medicare's payment rates for hospital inpatient services are reduced by 0.4% if the hospital does not participate in CMS's Hospital Quality Initiative; the reduction increases to 2.0% in federal fiscal year 2007 and thereafter St. Anthony's participates in the Hospital Quality Initiative. Beginning in Federal Fiscal Year 2007, quality data submitted by the hospital must meet reliability thresholds to avoid the payment reduction.

Proposed Changes to DRG Set. Beginning on October 1, 2006, CMS proposes to assign weights to DRGs based on hospital costs rather than charges. CMS also proposes to replace the current DRG set with a new, consolidated, severity-adjusted DRG set in federal fiscal year 2008 or earlier.

DRA Adjustments. The DRA reduces spending for hospital services by $1.4 billion over the period 2006-2015 period and an additional $2.6 million between 2011 and 2015. For discharges occurring on or after October 1, 2008, hospital reimbursements will be reduced in some cases where the patient acquires an infection during a hospital stay for additional savings of $0.8 billion through 2015.

There is no assurance that Medicare payments will be adequate to cover increases in costs of providing health care services or costs of acquiring and operating health care technology being made available to Medicare patients.

Inpatient Capital Costs. Hospitals are reimbursed on a fully prospective basis for capital costs (including depreciation and interest) related to the provision of inpatient services to Medicare beneficiaries. Thus, capital costs are reimbursed exclusively on the basis of a standard federal rate (based on average national costs), subject to certain adjustments (such as for disproportionate share, indirect medical education and outlier cases) specific to the hospital. Hospitals are reimbursed at 100% of the standard federal rate for all capital costs. This applies to the standard federal rate before the application of the adjustment factors for outliers, exceptions and budget neutrality. There can be no assurance that the prospective payments for capital costs will be sufficient to cover the actual capital-related costs of St. Anthony's allocable to Medicare patient stays or to provide adequate flexibility in meeting St. Anthony's and any future Members of the Obligated Group's future capital needs.

Outpatient Services. Hospital outpatient services for Medicare patients, including hospital operating and capital costs are reimbursed on a PPS basis. Several Part B services are specifically excluded from this rule, including certain physician and non-physician practitioner services, ambulance, physical and occupational therapy, and speech pathology services. Under the hospital outpatient PPS, predetermined amounts are paid for designated services furnished to Medicare beneficiaries. CMS classifies outpatient services and procedures that are comparable clinically and in

terms of resource use into ambulatory payment classification ("**APC**") groups. Using hospital outpatient claims data from the most recent available hospital cost reports, CMS determines the median costs for the services and procedures in each APC group. In addition, CMS pays for new technology and services (which have not been assigned to APC groups) through transitional "pass-through" payments or based on costs subject to annual limits. APC rates are adjusted annually based on the hospital inpatient market basket percentage increase. For calendar year 2005, the APC adjustment was the full market basket increase. For calendar year 2006, the adjustment will be the full market basket increase of 3.7%. There can be no assurance that the hospital outpatient PPS rate, which bases payment on APC groups rather than on individual services, will be sufficient to cover the actual costs of St. Anthony's allocable to Medicare patient care. In addition to the APC rate, there is a predetermined beneficiary coinsurance amount for each APC group. There can be no assurance that the beneficiary will pay this amount.

Physician Payment. Most physician services are reimbursed under Medicare Part B on the basis of a national fee schedule called the "resource-based-relative value scale" ("**RB-RVS**"). The RB-RVS fee schedule establishes payment amounts for all physician services, including services of provider-based physicians, and is subject to annual updates. The BBA established a new limit on the growth of Medicare payments for physician services by establishing a "Sustainable Growth Rate" ("**SGR**") target which is calculated each calendar year. The SGR is a complex formula linked to changes in the U.S. Gross Domestic Product, and its use is intended to lower Medicare expenditures for physician services over time by adjusting based on target expenditures vs. actual expenditures for physician services. The MMA avoided a significant reduction in physician rates, and provided an increase of not less than 1.5% to the underlying conversion factor used to calculate payment amounts to physicians under the RB-RVS fee schedule in 2004 and 2005. Effective January 1, 2006, payment rates were reduced by 4.4%, but this reduction was eliminated (retroactively) by the DRA, resulting in additional spending for physician services by $7.3 billion over the 2006-2010 period. This increase must be offset in 2010 through 2015, resulting in payment rates less than current levels. There can be no assurance that Medicare payments for physicians' services will be adequate to cover the costs of providing those services. Revenues from employed physicians' services are less than 2.1% of St. Anthony's total net revenues.

Medicare Advantage. Medicare beneficiaries may obtain Medicare coverage through a managed care Medicare Advantage plan (formerly known as a "**Medicare+Choice**" plan). A Medicare Advantage plan may be offered by a coordinated care plan (such as an HMO or PPO), a provider sponsored organization ("**PSO**") (a network operated by health care providers rather than an insurance company), a private fee-for-service plan, or a combination of a medical savings account ("**MSA**") and contributions to a Medicare Advantage plan. Each Medicare Advantage plan, except an MSA plan, is required to provide benefits approved by the Secretary of HHS. A Medicare Advantage plan will receive a monthly capitated payment from HHS for each Medicare beneficiary who has elected coverage under the plan. Health care providers such as St. Anthony's must contract with Medicare Advantage plans to treat Medicare Advantage enrollees at agreed upon rates or may form a PSO to contract directly with HHS as a Medicare Advantage plan. Covered inpatient emergency services rendered to a Medicare Advantage beneficiary by a hospital that is an out-of-plan provider (i.e., that has not entered into a contract with a Medicare Advantage

plan) will be paid at Medicare fee-for-service payment rates as payment in full. The MMA made several substantive changes to Medicare Advantage in addition to renaming the program. These changes are designed to improve Medicare Advantage by providing increased payments to providers beginning in 2004 and by offering more health plan choices, including expanded rural coverage through the inclusion of regional plans, beginning in 2006. The DRA modifies payments to reflect differences in expected costs associated with health status, estimated to save $6.4 billion between 2006 and 2010. An additional $6.5 billion in savings will result from modifications to the risk adjustment methodology. There can be no assurance that rates negotiated for the treatment of Medicare Advantage enrollees will be sufficient to cover the cost of providing services to such patients at the facilities of St. Anthony's.

Inpatient Rehabilitation Services. Prior to 2002, certain rehabilitation hospitals and rehabilitation units were exempt from PPS and were instead reimbursed on a "reasonable cost" basis, subject to the Tax Equity and Fiscal Responsibility Act ("**TEFRA**") of 1982 rate of increase ceiling on inpatient costs per discharge. The Balanced Budget Act of 1997 (the "**BBA**") provided for the gradual elimination of these "cost based" reimbursement systems. Since July 1, 2002, St. Anthony's inpatient rehabilitation services have been reimbursed under the prospective payment system. There can be no assurance that payments made to St. Anthony's will be sufficient to cover the actual costs of St. Anthony's allocable to Medicare patients cared for in the inpatient rehabilitation unit.

Inpatient Psychiatric Services. The Medicare program has historically provided reimbursement for inpatient psychiatric rehabilitations hospitals and units on a reasonable cost basis, because such programs and providers have been exempt from the PPS reimbursement methodology applicable to other hospital inpatient services. Pursuant to the Balanced Budget Refinement Act of 1999, the Medicare program implemented a new PPS reimbursement system for inpatient psychiatric services, to be phased in over three years. In FY 2006, 25% of St. Anthony's reimbursement for inpatient psychiatric services will be based on the new PPS methodology. There can be no assurance that payments made to St. Anthony's under the inpatient psychiatric PPS will be sufficient to cover the actual costs of St. Anthony's allocable to Medicare patients.

Home Health Services. The DRA rolls back a 2.8% increase in payment rates for home health services that became effective on January 1, 2006. In addition, the DRA reduces payments (by 2%) to home health agencies that do not report specified quality-related data.

Medicare Pay-for-Performance. Pursuant to the MMA and the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000, CMS is implementing "pay-for-performance" initiatives which, in part, specifically address the quality of clinical care through payment incentives. Under a "pay-for-performance" program, a variety of evidence-based quality measures are developed and health care providers are paid according to how well they perform in relation to these measures. At this time, CMS runs a voluntary "pay-for-reporting" program under which a hospital can receive enhanced DRG reimbursement for reporting data on the hospital's performance against defined quality measures, which is publicly reported on CMS's web site. St. Anthony's participates in this voluntary program. CMS is also piloting

pay-for-performance programs with some providers. CMS has already-established measures for future pay-for-performance efforts expanded pay-for-performance initiatives to other categories of health care providers and is expected to adopt already-established measures for future pay-for-performance efforts. The final design of the Medicare pay-for-performance program is unknown, but it is expected to provide higher reimbursement to hospitals which perform in the top deciles in quality measures. The implementation of a Medicare pay-for-performance program may have an adverse impact on St. Anthony's revenues.

Medicaid Reimbursement. Medicaid is a hospital and medical care payment program for the indigent created pursuant to Title XIX of the federal Social Security Act that is funded jointly by the federal government and the states and is administered by the various states. Hospital benefits are available under each participating state's Medicaid program, within prescribed limits, to persons meeting certain minimum income or other need requirements. Payments for medical and health services are made to hospitals in an amount determined in accordance with procedures and standards established by state law under federal guidelines. The Missouri Department of Social Services administers Medicaid in Missouri. Under the Missouri Medicaid program, hospitals are reimbursed on the basis of prospectively determined, fixed, per diem rates for inpatient services and outpatient services are reimbursed on the basis of prospectively determined cost-to-charge ratios, updated on a moving three-year average. Under State law, a provider tax is imposed on the operating and non-operating revenue of all licensed hospitals in order to draw federal matching funds under the Medicaid program. After reviewing the provider tax system for more than a year, CMS and the State reached a settlement in December, 2002. The settlement provided for modest changes to the State's provider tax system and additional oversight by CMS of estimated expenditures and of the source of funds used to draw down its federal match. Failure of Missouri to pay Medicaid claims on a timely basis or in a sufficient amount to reimburse St. Anthony's for all services provided to Medicaid patients could have an adverse effect on St. Anthony's revenues and/or cash position. Approximately 6.3% of gross patient service revenues of St. Anthony's for its fiscal year ended June 30, 2005, and 5.8% for the nine month period ended March 31, 2006, respectively, were derived from the Medicaid program.

Under a §1915(b) waiver, the State has developed a Medicaid managed care program commonly referred to as the MC Plus Program ("**MC+ Program**"). The MC+ Program is a statewide Medicaid managed care program in which certain categories of Medicaid recipients are enrolled. The MC+ Program also serves uninsured children through the State Children's Health Insurance Program ("**SCHIP**"). As of January 1, 2005, in the St. Louis metropolitan area, there are approximately 260,000 Medicaid beneficiaries. St. Anthony's contracts with HMOs that participate in the MC+ Program. Revenues from the MC+ Program are included in total Medicaid revenues in the preceding paragraph.

In 2005, the State of Missouri enacted significant changes to the Missouri Medicaid program to limit eligibility for Medicaid coverage and reduce covered services. It is estimated that approximately 90,000 Medicaid beneficiaries lost coverage on August 28, 2005. According to current law, the Missouri Medicaid program will "sunset" on June 30, 2008, if not reauthorized. The DRA reduces Medicaid and SCHIP spending by more than $28 billion through 2015, primarily through reductions in benefits, permitting states to impose higher cost-sharing requirements and payment for prescription drugs. There can be no assurance that payments made to St. Anthony's for Medicaid patient services will be adequate to cover the actual cost of those services, now or in the future.

Commercial Payors. St. Anthony's participates in numerous payor networks pursuant to multi-year contracts, which provide reimbursement for covered services in a variety of ways. Commercial payor are under pressure from employers who sponsor health benefit plans to reduce annual premium increases. These companies have implemented a variety of "pay-for-performance" programs design to

improve care and reduce costs, however, the standards and models are not uniform. As a result, hospital case management programs are extremely complex. Management of St. Anthony's expects HMOs and PPOs to account for an increasing percentage of the patients of St. Anthony's under contracts requiring discounts from charges. While St. Anthony's aggressively negotiates the terms of these agreements, there can be no assurance that revenues received pursuant to these contracts will be sufficient to cover costs of services rendered.

Uninsured Patients. An estimated 46 million Americans lack health insurance coverage. In Missouri, approximately 700,000 residents are uninsured, after changes to Medicaid qualifications effective in August, 2005. Uninsured patients tend to wait longer before seeking treatment for health problems, and ultimately seek care in costly emergency settings. In furtherance of its charitable mission, St. Anthony's adopted and implements a charity care policy pursuant to which St. Anthony's provides health care services at reduced or no cost to patients with limited or no ability to pay.

Continued Utilization of the Obligated Group's Facilities

A significant portion of the Obligated Group's revenues is derived from the treatment of patients admitted to or provided services on an outpatient basis at the Obligated Group's facilities by members of the medical staff. Physicians on the medical staff have the option of admitting a particular patient, with the patient's consent, to the Obligated Group's facilities or to other acute care hospitals or to similar facilities that are not controlled by the Obligated Group, with which the physician may be affiliated. The revenues of the Obligated Group could decrease if medical staff members admit patients to such other similar facilities or hospitals instead of admitting such patients to Obligated Group's facilities.

Competition from Physicians. St. Anthony's faces increased competition from physicians seeking to replace lost professional services income by investing in limited-service facilities (such as specialty hospitals, ambulatory surgery centers, diagnostic facilities, etc.) competing with traditional full-service hospitals. These limited-service facilities are able to provide high margin services (e.g., cardiology and surgery) and avoid more expensive and uncompensated care (e.g., obstetrics and emergency). The MMA imposed an 18-month moratorium on new specialty hospitals. Although the moratorium expired on June 5, 2005, CMS suspended the enrollment of new specialty hospitals under the Medicare program. The DRA ratified CMS' position and continued the suspension until the earlier of six months or the date CMS releases a final report on specialty hospitals, as required by the DRA; provided however, the suspension shall be extended by two months if CMS fails to issue such report within six months. Fewer barriers to entry exist to limit physician-owned outpatient facilities, which are increasing outpatient market share at the expense of hospitals.

Competition from Other Providers. St. Anthony's also faces potential competition from other hospitals and facilities, as well as other forms of health care delivery, such as health maintenance organizations, preferred provider organizations, ambulatory surgical centers, home health agencies, skilled nursing facilities, rehabilitation and therapy centers, expanded preventive medicine and outpatient treatment, increasingly sophisticated physician group practices, drug and alcohol abuse programs, increasingly sophisticated physician group practices, private pathology laboratories and radiological services. Certain of such forms of health care delivery are designed to offer comparable services at lower prices and the federal government and private third-party payors, such as the Blue Cross programs, may increase their efforts to encourage the development and use of such programs. In addition, future changes in state and federal law may have the effect of increasing competition in the health care industry. No assurance can be given that utilization of the Obligated Group's facilities will not be adversely affected by the availability of other facilities in the service areas of St. Anthony's.

Competition for Inclusion in Networks. Managed care companies and insurers are becoming increasingly selective in contracting with health care providers. The revenues of the Obligated Group could decrease significantly with the loss of a few such third party payor contracts.

Management of St. Anthony's expects that any health care facilities which it may acquire in the future will face competitive pressures similar to those mentioned above for St. Anthony's. Overall, the effects of such increased competition on the Members of the Obligated Group or St. Anthony's revenue, including pressures for increased discounts in contracts with alternative delivery systems, cannot be predicted.

Controlling Costs

Advances in technology fuel high growth in the cost of providing health care services. While the price of health care services is limited by government and commercial insurance regulations and contracts, suppliers of drugs, surgical implants, equipment and supplies are not limited. It can take up to four years for CMS to adjust Medicare payment rates to reflect the higher costs of such products; commercial payors often base their payment rates on Medicare rates. The physicians who order these products for their patients are not commensurately affected by this lag in reimbursement adjustments. Although St. Anthony's is taking aggressive actions to negotiate fair prices for new technologies, there can be no assurance that such prices will be covered by existing reimbursement rates.

Electronic health records have been touted as a key component of improving the quality of and access to health care services. HHS is undertaking various initiatives to encourage providers to migrate from paper to electronic health records. The cost associated with the development and implementation of electronic health record systems in hospitals such as St. Anthony's is great, and to date, no increase in revenue is proposed to assist in defraying that cost.

Health Care Reform

Proposals for comprehensive health care reform have been considered on the federal and state levels. Legislation may be introduced in the future and, if such legislation becomes law, any such legislation could dramatically alter the methods of financing and providing health care in America and may adversely affect the operations of the Obligated Group, including the ability of St. Anthony to compete for patients and the levels of payments they receive for medical services. It is impossible to predict the nature of any such future legislation, the likelihood of it becoming law, or its impact on the Members of the Obligated Group.

Labor Relations

Union Organizing. Nonprofit healthcare providers and their employees are under the jurisdiction of the National Labor Relations Board ("**NLRB**"). At the present time, St. Anthony's has no organized bargaining units at any of its facilities. In 2000 and 2002, St. Anthony's was the target of organizing activity by the United Healthcare Workers of Greater St. Louis ("**UHCW**"). In January 2000, the NLRB conducted elections at St. Anthony's in four (4) proposed bargaining units: registered nurses, technical employees, skilled maintenance employees and other non-professional employees. The employees in each of those proposed bargaining units voted to reject representation by the UHCW. The Union filed post-election objections, which ultimately resulted in a re-run election being conducted in the four units in June of 2000. In that election, the employees in the four (4) units again voted to reject the UHCW, by a wider margin than in the original election. In January 2002, the UHCW filed new petitions with the NLRB for elections in those same four (4) bargaining units. In March 2002, the elections took place, with the employees once again rejecting representation in each of the four (4) units. Since that time, St.

Anthony's has had some scattered, sporadic organizing activity, aimed primarily at its registered nurses. There can be no assurance that the UHCW or other unions will not attempt to organize units at St. Anthony's facilities.

Nursing Shortage. Recently, the health care industry, including St. Anthony's, has experienced a shortage of nursing, technical and related staff, which has resulted in increased costs and lost revenues due to the need to hire agency nursing personnel at higher rates, increased compensation levels, and the inability to use otherwise available beds as a result of staffing shortages. St. Anthony's has incurred increased employment costs. If the shortage continues, it could adversely affect St. Anthony's operations or financial condition.

Regulatory Compliance and Enforcement

The health care industry is highly dependent on a number of factors which may limit the ability of the Members of the Obligated Group to meet their obligations under the Master Indenture, a number of which are beyond the control of the Members of the Obligated Group. Among other things, health care providers are subject to significant regulatory requirements of federal, state and local governmental agencies and independent professional organizations and accrediting bodies, technological advances and changes in treatment modes, various competitive factors and changes in third party reimbursement programs. Discussed below are certain of these factors which could have a significant impact on the future operations and financial condition of the Members of the Obligated Group. It is difficult to predict the effect of these factors on the operations of St. Anthony's and the Members of the Obligated Group; however, the factors described below could have a negative impact on such operations and such effect could be material.

Corporate Compliance Program. As part of its commitment to fully comply with all applicable laws relating to St. Anthony's and the Members of the Obligated Group, St. Anthony's has established and implemented a corporate compliance program that is consistent with regulatory guidance and the ethical principles of St. Anthony's. The program includes promulgation of a code of ethics for St. Anthony's, education of all associates and providers on the requirements of the program, implementation of processes designed to foster reporting of, and prompt inquiry into, compliance concerns, and adoption of procedures to ensure that St. Anthony's complies with current law and does not employ individuals or contract with organizations who are barred from participation in federally funded health care programs. St. Anthony's compliance program is complemented by the internal audit department, which is charged with conducting investigations and audits of compliance concerns. In addition, St. Anthony's has adopted a conflict of interest policy, and requires annual disclosure of interests by employers, officers and directors.

Audits and Withholds. St. Anthony's may be subject to audits and retroactive audit adjustments by Medicare, Medicaid and commercial payors with respect to the Medicare program. Although management of St. Anthony's believes the reserves of the Members of the Obligated Group are adequate, such adjustments could be substantial and could exceed reserves, if any, maintained therefor by St. Anthony's and the Members of the Obligated Group. Medicare and Medicaid regulations also provide for withholding payment in certain circumstances, and such withholds could have a material adverse effect on the financial condition of St. Anthony's and the Members of the Obligated Group.

Investigations of Billing Practices. The United States Department of Justice, the Federal Bureau of Investigation and the Office of the Inspector General of HHS have been conducting investigations and audits of the billing practices of many health care providers. Although no Members of the Obligated Group are currently the subject of such investigations or audits, certain of the Members of the Obligated

Group may be subject to such investigations or audits by one or more of these agencies and may be required to make payments to resolve any such investigations or audits.

The Anti-Kickback Law. The Federal Medicare/Medicaid Anti-Fraud and Abuse Amendments to the Social Security Act (the "**Anti-Kickback Law**") make it a criminal felony offense to knowingly and willfully offer, pay, solicit or receive remuneration in order to induce business for which reimbursement is provided under the Medicare or Medicaid programs. In addition to criminal penalties, including fines of up to $25,000 per violation and five years' imprisonment, violations of the Anti-Kickback Law can lead to civil monetary penalties and exclusion from Medicare, Medicaid and certain other state and federal health care programs. Management of St. Anthony's has implemented controls it believes are reasonable to ensure that its contracts with physicians and other referral sources are in material compliance with the Anti-Kickback Law. However, in light of the narrowness of the safe harbor regulations and the scarcity of case law interpreting the Anti-Kickback Law, there can be no assurances that St. Anthony's or any future Member of the Obligated Group will not be found to have violated the Anti-Kickback Law, and if so, whether any sanction imposed would have a material adverse effect on the operations of the Obligated Group.

Restrictions on Referrals. Current federal law (known as the "**Stark**" law provisions) prohibits providers of "designated health services" from billing Medicare or Medicaid when the patient is referred by a physician or an immediate family member with a financial relationship with the provider, with limited exceptions. "Designated health services" currently include the following: clinical laboratory services; physical therapy services; occupational therapy services; radiology services, including magnetic resonance imaging, computerized axial tomography scans and ultrasound services; radiation therapy services and supplies; durable medical equipment and supplies; parenteral and enteral nutrients, equipment and supplies; prosthetics, orthotics and prosthetic devices and supplies; home health services; outpatient prescription drugs; and inpatient and outpatient hospital services. Other services may become designated health services in the future. The sanctions under the Stark law include denial and refund of payments, civil monetary penalties and exclusions from the Medicare and Medicaid programs.

Management of St. Anthony's believes that it is currently in material compliance with the Stark provisions. However, in light of the scarcity of case law interpreting the Stark provisions, there can be no assurances that St. Anthony's or any future Member of the Obligated Group will not be found to have violated the Stark provisions, and if so, whether any sanction imposed would have a material adverse effect on the operations of the Obligated Group, the financial condition of the Obligated Group, or the status of its members as organizations described in Section 501(c)(3) of the Code.

Mandatory Exclusion. Conviction of health care-related crimes can result in either mandatory or permissive exclusion from participation in federal and certain state health care programs for various periods of time depending on the nature of such crimes. Under the BBA, those convicted of three health care-related crimes for which mandatory exclusion is the penalty will be permanently excluded from participation. Those convicted of two health care-related crimes for which mandatory exclusion is the penalty will be excluded for a minimum of 10 years. The Secretary of HHS is able to deny entry into Medicare or Medicaid or deny renewal to any provider or supplier convicted of any felony that the Secretary deems to be "inconsistent with the best interests" of the program's beneficiaries.

Health Insurance Portability and Accountability Act. The Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") added two prohibited practices, the commission of which may lead to civil monetary penalties: (1) the practice or pattern of presenting a claim for an item or service on a reimbursement code that the person knows or should know will result in greater payment than appropriate, i.e., upcoding, and (2) engaging in a practice of submitting claims for payment for medically unnecessary services. Violation of such prohibited practices could amount to civil monetary penalties of

up to $10,000 for each item or service involved. Management of St. Anthony's is not aware of any violations of the prohibited practices provisions of HIPAA.

HIPAA also includes administrative simplification provisions intended to facilitate the processing of health care payments by encouraging the electronic exchange of information and the use of standardized formats for health care information. Congress recognized, however, that standardization of information formats and greater use of electronic technology presents additional privacy and security risks due to the increased likelihood that databases of individually identifiable health care information will be created and the ease with which vast amounts of such data can be transmitted. Therefore, HIPAA requires the establishment of distinct privacy and security protections for individually identifiable health information.

HHS promulgated privacy regulations under HIPAA that protect patient medical records and other personal health information maintained by health care providers, hospitals, health plans, health insurers, and health care clearinghouses. Compliance with the privacy regulations was required as of April 14, 2003. Management of St. Anthony's believes that its operations and information systems comply with the HIPAA privacy regulations as of the effective date.

Security regulations have also been promulgated under HIPAA. These security regulations were issued in final form on February 20, 2003, with a compliance date of April 20, 2005 (the "**Security Regulations**"). Additionally, HHS promulgated regulations to standardize the electronic transfer of information pursuant to certain enumerated transactions (the "**Code Set Transactions**"), with a compliance deadline of October 16, 2003. Management of St. Anthony's believes that all of its health care facilities are in substantial compliance with the Security Regulations and the Code Set Transactions.

False Claims Act/Qui Tam Actions. Medicare requires that extensive financial information be reported on a periodic basis and in a specific format. These requirements are numerous, technical and complex and may not be fully understood or implemented by billing or reporting personnel. With respect to certain types of required information, the False Claims Act and the Social Security Act may be violated by mere recklessness in the submission of information to the government even without any intent to defraud. Billing for medical procedures and procedures for which there is not clear guidance from CMS may all result in liability. The penalties for violation include criminal or civil liability and may include, for serious or repeated violations, exclusion from participation in the Medicare program.

The False Claims Act provides that an individual may bring a civil action for a violation of such Act. These actions are referred to as Qui Tam actions. In this way, a hospital employee would be able to sue on behalf of the U.S. government if he or she believes that the hospital has committed fraud. If the government proceeds with an action brought by this individual, then he or she could receive as much as 25% of any money recovered. The potential that a Qui Tam action could be brought against any hospital exists.

Emergency Medical Treatment and Active Labor Act. In response to concerns regarding inappropriate hospital transfers of emergency patients based on the patient's inability to pay for the services provided, Congress has enacted the Emergency Medical Treatment and Active Labor Act ("**EMTALA**"). Among other things, EMTALA imposes certain requirements which must be met before transferring a patient to another facility. Failure to comply with EMTALA can result in exclusion from the Medicare and/or Medicaid programs as well as imposition of civil and criminal penalties. Failure of St. Anthony's or any future Member of the Obligated Group or its affiliates to meet its responsibilities under the law could adversely affect its financial condition.

Surveys and Certification. St. Anthony's is subject to periodic surveys to determine its compliance with federal and state laws and accreditation standards. Any deficiencies must be corrected to remain in compliance with state licensing and Medicare/Medicaid conditions of participation. Failure to meet these requirements could lead to loss of licensure and exclusion from participation in the Medicare and Medicaid programs. On May 22, 2006, St. Anthony's received a notice of deficiencies from the Kansas City Regional Office of CMS arising out of the care provided to a specific patient. As requested, St. Anthony's has submitted a plan of correction. An unannounced survey will be conducted in the near future to assess whether the deficiencies have been corrected.

Environmental Laws and Regulations. Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, hospital operations, facilities and properties owned or operated by hospitals. Among the type of regulatory requirements faced by hospitals are (i) air and water quality control requirements, (ii) waste management requirements, (iii) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (iv) requirements for providing notice to employees and members of the public about hazardous material handled by or located at the facilities of the Obligated Group, (v) requirements for training employees in the proper handling and management of hazardous materials and wastes, and (vi) other requirements.

In their role as the owners and operators of properties and facilities, the Members of the Obligated Group may be subject to liability for investigating and remedying any hazardous substances that may have migrated off their properties. Typical hospital operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may (i) result in damage to individuals, property or the environment, (ii) interrupt operations and increase their cost, (iii) result in legal liability, damages, injunctions or fines and (iv) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the Members of the Obligated Group will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of St. Anthony's and the Members of the Obligated Group.

At the present time, management of St. Anthony's is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues which, if determined adversely to any Members of the Obligated Group, would have a material adverse affect on the financial condition of the Obligated Group.

Antitrust. 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. In some respects, the application of federal and state antitrust laws to health care is still evolving, and enforcement activity by federal and state agencies appears to be increasing. At various times, health care providers may be subject to an investigation by a governmental agency charged with the enforcement of antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Violators of the antitrust laws could be subject to criminal and civil enforcement by federal and state agencies, as well as by private litigants. The ability to consummate mergers, acquisitions or affiliations may also be impaired by the antitrust laws, potentially limiting the ability of health care providers to fulfill their strategic plans. Liability in any of these or other antitrust areas of liability may be substantial, depending on the facts and circumstances of each case.

State Laws. States are increasingly regulating the delivery of health care services in response to the federal government's failure to adopt comprehensive health care reform measures. Due to this increased state oversight, St. Anthony's and any future Members of the Obligated Group could be subject to a variety of state health care laws and regulations, affecting both MCOs and health care providers. In addition, St. Anthony's and any future Members of the Obligated Group could be subject to state laws and regulations prohibiting, restricting, or otherwise governing PPOs, third party administrators, physician-hospital organizations, independent practice associations or other intermediaries; fee-splitting; the "corporate practice of medicine", selective contracting ("any willing provider" laws and "freedom of choice" laws), self-referral, fraud and abuse, anti-kickback, coinsurance and deductible amounts; insurance agency and brokerage; quality assurance, utilization review, and credentialing activities; provider and patient grievances; mandated benefits; rate increases; and many other areas.

Risks Related to Tax-Exempt Status

The maintenance by an entity of its tax-exempt status depends, in part, upon its maintenance of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of such status is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including its operation for charitable and educational purposes and its avoidance of transactions which may cause its assets to inure to the benefit of private individuals. 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. It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of nonprofit corporations. There can be, however, no assurance that future changes in the laws and regulations of the federal, state, or local governments will not materially and adversely effect the operations and revenues of the Obligated Group by requiring them to pay income or real estate taxes.

Internal Revenue Service Activities Related to Tax-Exempt Organizations. Loss of tax-exempt status by Members of the Obligated Group or by any user of property financed or refinanced with the proceeds of the Bonds could result in loss of tax exemption of the Bonds and of other tax-exempt debt issued therefore, and defaults in covenants regarding the Bonds and such other related tax-exempt debt would likely be triggered. Such an event would have material adverse consequences on the financial condition of the Obligated Group.

Transactions with Nonexempt Entities. The IRS has announced that it intends to closely scrutinize transactions between nonprofit hospitals and for-profit entities. 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 IRS in the form of Private Letter Rulings or other pronouncements, many activities have not been addressed in any official opinion, interpretation, or policy of the IRS. Because St. Anthony's conducts large-scale and diverse operations involving private parties, there can be no assurance that certain of its transactions would not be challenged by the IRS which could adversely affect its tax-exempt status. The IRS has taken the position that hospitals that are in violation of the Anti-Kickback Law and other laws, rules and regulations may also be subject to revocation of their tax exempt status. As a result, tax exempt hospitals, such as St. Anthony's, that have, and will continue to have, extensive transactions with physicians are subject to an increased degree of scrutiny and perhaps enforcement by the IRS. Management believes that it is in substantial compliance with the requirements necessary to maintain its tax-exempt status.

Closing Agreements. 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 uncertainty regarding how tax-exemption requirements may be applied by the IRS, St. Anthony's is, and future Members of the Obligated Group 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, these liabilities are probable from time to time and could be substantial, in some cases could be materially adverse.

Intermediate Sanctions. The Taxpayers Bill of Rights 2, referred to for purposes of this Official Statement as the Intermediate Sanctions Law, allows the IRS 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 IRS 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.

Possible Changes in Tax Status. The possible modification or repeal of certain existing federal income or state tax laws or other loss by St. Anthony's or any future Members of the Obligated Group of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Members of the Obligated Group and thereby the revenues of St. Anthony's or any future Members of the Obligated Group. As a tax-exempt organization, St. Anthony's is subject to a number of requirements affecting its operations. The failure of St. Anthony's or any future Members of the Obligated Group to remain qualified as exempt organizations would affect the funds available to them for payments to be made under the Loan Agreements or the Master Indenture. Failure of St. Anthony's or the Authority to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those being refinanced with proceeds from the Bonds, could cause interest on the Bonds to be included in the gross income of owners or former owners for federal income tax purposes.

Examination Program. In recent years, the IRS has increased the frequency and scope of its examination and other enforcement activity regarding tax-exempt organizations and tax-exempt bonds. Currently, the primary penalties available to the IRS under the Code are the revocation of tax-exempt status of an organization and a determination that interest on tax-exempt bonds is subject to federal income taxation. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit corporations, it could do so in the future. Loss of tax-exempt status by St. Anthony's or any future Member of the Obligated Group or improper use of property refinanced with proceeds of the Bonds could potentially result in loss of the tax exemption of the interest on the Bonds, and defaults in covenants regarding the Bonds could be triggered. Loss of such tax-exempt status could also result in substantial tax liabilities on income of St. Anthony's. In addition, although the IRS has only infrequently taxed the interest received by holders of bonds that were represented to be tax-exempt, the IRS has examined a number of bond issues and concluded that such bond issues did not comply with applicable provisions of

the Code and related regulations. No assurance can be given that the IRS will not examine the purchaser, a Bondholder, St. Anthony's, or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

Bond Audits

IRS officials have indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector. The Bonds may be, from time to time, subject to audits by the IRS. St. Anthony's believes that the Bonds properly comply with the tax laws. No ruling with respect to the tax-exempt status of the Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the Bonds will not adversely affect the Bonds.

Risks Related to Master Trust Indenture Financings and Fraudulent Transfer or Conveyance Statutes

The state of insolvency, fraudulent transfer or conveyance and bankruptcy laws relating to the enforceability of obligations of one corporation in favor of the creditors of another, or the obligation of any Member of the Obligated Group to make debt service payments on behalf of another Member of the Obligated Group or the ability of St. Anthony's to compel the other Members of the Obligated Group to make such payments is unsettled. The ability of St. Anthony's to compel any Member of the Obligated Group to make payment on behalf of another Member of the Obligated Group could be subject to challenge if such Member of the Obligated Group would, by making such payment, be rendered insolvent. In particular, such efforts by St. Anthony's may not be enforced under the Federal Bankruptcy Code or applicable state fraudulent transfer or conveyance statutes if the obligation to pay is incurred without "fair consideration" or "reasonably equivalent value" to the obligor and if the incurrence of the obligation thereby renders a Member of the Obligated Group insolvent. The standards for determining the fairness of consideration and the manner of determining insolvency are matters of judicial discretion based upon subjective standards and may vary under the Federal Bankruptcy Code, state fraudulent transfer or conveyance statutes and applicable judicial decisions. It is possible that an action involving the attempt by St. Anthony's to compel one Member of the Obligated Group to make payment on behalf of another Member of the Obligated Group may not be successful in the event it is determined that sufficient consideration was not received by the transferring Member of the Obligated Group and that such payment or obligation to pay would render the transferring Member of the Obligated Group insolvent.

In addition a court could determine, in the event of a bankruptcy of a Member of the Obligated Group, that payments made on the Series 2006 Master Notes by the bankrupt Member of the Obligated Group or the other Members of the Obligated Group could constitute payments to or for the benefit of an insider, within the meaning of Section 547(b) of the Federal Bankruptcy Code, which payments, if made during the one year period prior to the date of filing of the petition in bankruptcy with respect to the bankrupt Member of the Obligated Group, could be recovered by the trustee in bankruptcy from the holders of the Bonds.

If a court were to find, in a lawsuit by an unpaid creditor as a representative of creditors of a Member of the Obligated Group, that such Member of the Obligated Group did not receive fair consideration or reasonably equivalent value for the incurrence of the indebtedness evidenced by the Series 2006 Master Notes, and at the time of such incurrence, such Member of the Obligated Group (i) was insolvent, (ii) was rendered insolvent by reason of such incurrence, (iii) was engaged or was about to engage in a business or transaction for which the remaining assets of such Member of the Obligated Group were unreasonably small in relation to the business or transaction, or (iv) intended to incur, assume

or issue, or believed it would incur, assume or issue debts beyond its ability to pay such debts as they became due, such court, subject to applicable statutes of limitation, could determine to invalidate, in whole or in part, such indebtedness as fraudulent transfers or conveyances or subordinate such indebtedness to existing or future creditors of such Member of the Obligated Group.

Acceleration of Maturity

An event of default under the Bond Indenture may result in an acceleration of the maturity of the Bonds. In such event, a Bondholder whose Bonds are accelerated may not have the opportunity to hold such Bonds for a time period consistent with such Bondholder's original investment intentions. The Bond Insurance Policy does not make payments on an accelerated basis.

Amendment of the Master Indenture, the Bond Indenture and the Loan Agreement

The Members of the Obligated Group and the Master Trustee may, without the consent of, or notice to, any holders of the Series 2006 Master Notes, amend or supplement the Master Indenture in certain circumstances as provided in the Master Indenture. In addition, certain amendments to the Master Indenture may be made with the consent of the holders of a majority in aggregate principal amount of outstanding Master Notes. Such amendments may adversely affect the security of the Bondholders, and such percentage may be composed wholly or partially of the holders of Master Notes other than the Series 2006 Master Notes. Under the Master Indenture, the Bond Insurer will be deemed to be the holder of the Series 2006 Master Notes for the purpose of such consents and all other matters other than payment. See **"SUMMARY OF THE MASTER INDENTURE – Supplemental Master Indentures without Consent of Noteholders,"** and **"– Supplemental Master Indentures with Consent of Noteholders"** and **"SUMMARY OF THE BOND INDENTURE – Bond Insurer Deemed to be Holder of Master Notes"** in **Appendix C**.

Certain amendments to the Bond Indenture and the Loan Agreement may be made without the consent of Bondholders, and other amendments thereto may be made with the consent of the Owners of a majority in aggregate principal amount of the outstanding Bonds. Such amendments may adversely affect the security of the Bondholders. Under the Bond Indenture, the Bond Insurer will be deemed to be the owner of the Bonds for the purpose of such consents and all other matters other than payment. See **"SUMMARY OF THE BOND INDENTURE – Supplemental Indentures Not Requiring Consent of Bondholders," "– Supplemental Indentures Requiring Consent of Bondholders"** and **"– Bond Insurer Deemed to be Holder of Master Notes"** in **Appendix C**.

Enforceability of the Gross Revenues Pledge

The enforceability of the security interest in Gross Revenues granted by the Obligated Group pursuant to the Master Indenture may be limited, and such security interest may be subject to subordination to prior claims, in certain instances. Examples of possible limitations on enforceability and the possible subordination to prior claims include: (i) rights of third parties in Gross Revenues converted to cash and not in the possession of the Master Trustee; (ii) statutory liens; (iii) rights arising in favor of the United States of America or any agency thereof; (iv) present or future prohibitions against assignment under any federal or state laws, including existing federal limitations upon assignment of Medicare and Medicaid payments; (v) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (vi) claims that may have priority if appropriate financing or continuation statements are not filed with respect to the Master Trustee's security interest in Gross Revenues in accordance with the Uniform Commercial Code (the "**UCC**") from time to time in effect or as a result of the UCC's not providing for perfection of a security interest by a UCC filing; (vii) federal bankruptcy laws, including provisions affecting payments made or security interests

obtained within 90 days (or in the case of any insider, for one year) prior to any institution of bankruptcy proceedings with respect to any Obligated Group Member; (viii) state fraudulent conveyance laws; (ix) the rights of parties with prior perfected security interest in property of the Obligated Group, including security interests comprising Permitted Encumbrances under the Master Indenture; (x) commencement of insolvency proceedings against a Member prior to the attachment of the Master Trustee's security interest in Gross Revenues; (xi) certain judicial decisions which cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of St. Anthony's, to collect and retain accounts receivable from Medicare, Medicaid, General Assistance and other governmental programs; and (xii) commingling of proceeds of Gross Revenues with other moneys of the Obligated Group Member not subject to the security interest in Gross Revenues.

Certain Other Risks

The following factors, among others, may also adversely affect the operation of health care facilities, including the Members of the Obligated Group's facilities, to an extent that cannot be determined at this time:

(1) efforts by the federal government, insurers and other governmental agencies to limit the cost of hospital services and to reduce utilization of hospital facilities by such means as preventive medicine, improved occupational health and safety, utilization review, increased competition among health care providers, development and utilization of medical and scientific research and technological advances and outpatient care;

(2) future legislation and regulations affecting hospitals, governmental and commercial medical insurance and the health care industry in general, including reductions in federal or state funding of Medicare, Medicaid or other government-financed health care reimbursement programs;

(3) cost ceiling limitations or other changes in reimbursement procedures or in contracts under the Blue Cross program or other public or private insurance programs;

(4) cost and availability of malpractice insurance and increases in malpractice recoveries in states where the Members of the Obligated Group and their facilities are located;

(5) increased costs of attracting and retaining or decreased availability of a sufficient number of physicians, registered nurses and other health professionals;

(6) increased costs resulting from unionization of the employees of the Members of the Obligated Group or the utilization by non-union employees of the Members of the Obligated Group of proceedings available under the National Labor Relations Act;

(7) difficulty in selling the facilities and equipment of the Members of the Obligated Group should such sale be necessary to raise funds for payment of Indebtedness due to the special purpose nature of such property.

(8) future legislation conditioning tax exempt status or access to tax exempt financing on satisfaction of various criteria, such as level of charity care, maintenance of an emergency room or changing the method of taxing unrelated business income.

(9) future medical and scientific advances, the development and requirement of the option for health maintenance organizations in labor contracts, state health plans, and other health plants,

preventive medicine, improved occupational health and safety, and improved outpatient care could result in decreased usage of inpatient hospital facilities;

(10) the need and inherent challenges to obtains governmental approvals to undertake projects which the Members of the Obligated Group deem necessary to remain competitive as to rates and charges and to maintain the quality and scope of care;

(11) changes in the cost of paying claims in excess of insurance coverage or the bankruptcy or insolvency of a major third party payor; and

(12) the shift of medical staff loyalties to health systems and facilities other than the Members of the Obligated Group would have an adverse effect, to the extent that each medical staff member has tremendous influence in admitting or directing a particular patient, with the patient's consent, to a particular facility.

Other Legislative and Regulatory Actions

The Members of the Obligated Group and their operations are subject to regulation and certification by various federal, state and local government agencies and by certain nongovernmental agencies such as the Joint Commission on Accreditation of Healthcare Organizations ("**JCAHO**"). No assurance can be given as to the effect on Members' of the Obligated Group future operations of existing laws, regulations and standards for certification or accreditation or of any future changes in such laws, regulations and standards.

Among the proposals for health care legislation which have been introduced in Congress from time to time are proposals to stimulate competition among health care providers and to regulate or alter methods of delivering and financing health care services. No assurance can be given as to whether these or any alternative proposals will be enacted at either the federal or the state level or as to the manner in which any such proposals, if enacted, will be administered.

Other regulatory programs which may have a significant effect on the Members of the Obligated Group are changes in the governmental requirements concerning how patients are treated. These regulations are embodied in patients' bills of rights and similar programs being promulgated with greater frequency, and changes in licensure requirements. All of these could increase the cost of doing business and consequently adversely affect the financial condition of the Members of the Obligated Group.

Cost and Availability of Insurance

In the past few years, the insurance market for casualty and professional liability insurance has tightened significantly with respect to both cost and availability of coverage, resulting in escalating fees and premiums and in some cases a lack of adequate coverage. See **Appendix A – "INSURANCE"** hereto for additional information regarding St. Anthony's insurance coverage.

Bond Ratings

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

LITIGATION

The Authority

There is not now pending or, to the knowledge of the Authority, threatened any litigation against the Authority seeking to restrain or enjoin the issuance or delivery of the Bonds, or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued, or which in any manner questions the right of the Authority to enter into the Bond Indenture or the Loan Agreement or to secure the Bonds in the manner provided in the Bond Indenture.

The Obligated Group

No litigation, proceedings or investigations are pending or, to the knowledge of St. Anthony's, threatened against the Obligated Group or its officers or property except litigation, proceedings or investigations being defended by or on behalf of the Obligated Group in which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of management of St. Anthony's and counsel for the Obligated Group responsible therefor, will be entirely within the Obligated Group's applicable self-insurance and insurance policy limits (including primary and excess insurance policies and subject to applicable deductibles and self-insured retentions), or will not have a material adverse effect on the consolidated operations or condition, financial or otherwise, of the Obligated Group. No litigation, investigations or proceedings are now pending or, to St. Anthony's knowledge, threatened against the Obligated Group which would in any manner challenge or adversely affect the corporate existence or powers of the Obligated Group to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the Members of the Obligated Group of, the Loan Agreement, the Master Indenture or the Series 2006 Master Notes, or the status of each Member of the Obligated Group as a Tax-Exempt Organization.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Bonds by the Authority are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Bonds. Bond Counsel has not reviewed this Official Statement except for (1) the Cover Page hereof (other than yields or prices), (2) the portions hereof describing the Bonds, (3) the sections entitled "**THE BONDS**," "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**," and "**TAX MATTERS**," (4) **Appendix C** – "**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS**," and (5) **Appendix D** - "**FORM OF OPINION OF BOND COUNSEL**", and except for such portions Bond Counsel has not participated in the preparation of this Official Statement. Certain legal matters will be passed upon for the Authority by its counsel, Thompson Coburn LLP, St. Louis, Missouri; for the Obligated Group by its counsel, Lewis, Rice & Fingersh, L.C., St. Louis, Missouri; by the Bond Insurer by its General Counsel and for the Underwriter by its counsel, Sonnenschein Nath & Rosenthal LLP, St. Louis, Missouri.

TAX MATTERS

Opinion of Bond Counsel

Federal Tax Exemption. In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "**Code**"). Moreover, such interest is not an item of tax

preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in this paragraph are subject to the condition that the Authority and St. Anthony's comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and St. Anthony's have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Missouri Tax Exemption. The interest on the Bonds is exempt from income taxation by the State.

No Other Opinions. Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

Other Tax Consequences

Prospective purchasers of the Bonds should be aware that there may be tax consequences of purchasing the Bonds other than those discussed under "**Opinion of Bond Counsel**," including the following:

(1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of such institution's interest expense allocable to interest on the Bonds.

(2) With respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds.

(3) Interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code.

(4) Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income.

(5) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds.

Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of the Bonds should consult their own tax advisors as to the applicability of these tax consequences.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Obligated Group included in this Official Statement in **Appendix B** have been audited by BKD, LLP, independent auditors, to the extent and for the periods indicated in their report thereon. Such consolidated financial statements have been included in reliance upon the report of BKD, LLP.

FINANCIAL ADVISORS

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

RATINGS

Standard & Poor's Ratings Services ("**S&P**") will assign a rating of "AAA" and Moody's Investors Service, Inc. ("**Moody's**") will assign a rating of "Aaa" to the Bonds, assuming delivery of the Bond Insurance Policy. S&P and Moody's have also assigned underlying ratings on the Bonds of "A+" and "A2", respectively, based on the credit of St. Anthony's. Such ratings reflect only the views of such organizations at the time such ratings are given, and the Authority, the Underwriter and St. Anthony's make no representation as to the appropriateness of such ratings. An explanation of the significance of such ratings may be obtained only from such rating agencies. St. Anthony's furnished such rating agencies with certain information and materials relating to the Bonds and the Obligated Group that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing such rating, circumstances so warrant. Neither the Authority, the Underwriter, nor St. Anthony's has undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of a rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of such a rating could have an adverse effect on the market price and marketability of the Bonds.

UNDERWRITING

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Bonds at an aggregate discount of $260,665.11 from the public offering prices set forth on the Cover Page hereof. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The Purchase Contract provides that the Underwriter shall purchase all of the Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. St. Anthony's has agreed in the Purchase Contract to indemnify the Underwriter and the Authority against certain liabilities, including liabilities under federal and state securities laws.

CERTAIN RELATIONSHIPS

The law firm of Thompson Coburn LLP, St. Louis, Missouri serves as general counsel to the Authority and has represented the Authority in connection with the issuance of the Bonds. Thompson Coburn LLP also represents the Underwriter and the Bond Trustee from time to time but has not done so in connection with the issuance of the Bonds.

CONTINUING DISCLOSURE

St. Anthony's and Commerce Bank, N.A., as Dissemination Agent, will enter into a Continuing Disclosure Agreement dated as of June 1, 2006 (the "**Continuing Disclosure Agreement**") in accordance with Rule 15c2-12 ("**Rule 15c2-12**") promulgated by the Securities and Exchange Commission, pursuant to which St. Anthony's will agree to provide disclosure of certain financial and operating information on an ongoing basis. Such information will include (a) audited annual consolidated financial statements of St. Anthony's and certain annual operating information pertaining to St. Anthony's and Affiliates (b) quarterly unaudited consolidated financial statements of St. Anthony's, and (c) notice of the occurrence of certain specified events, if material. The form of the Continuing Disclosure Agreement is set forth in **Appendix G** hereto. The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. The Authority will no have liability to the owners of the Bonds or any other person with respect to Rule l5c2-l2.

[Remainder of this page intentionally left blank]

MISCELLANEOUS

The references herein to the Act, the Master Indenture, the Bond Indenture and the Loan Agreement are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Act, the Master Indenture, the Bond Indenture and the Loan Agreement. Copies of such documents are on file at the offices of the Financial Advisor and following delivery of the Bonds will be on file at the office of the Bond Trustee.

The agreement of the Authority with the owners of the Bonds is fully set forth in the Bond Indenture, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. Statements made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The Cover Page hereof and the Appendices hereto are integral parts of this Official Statement and must be read together with all of the foregoing statements.

St. Anthony's has supplied and reviewed the information contained herein that relates to the Obligated Group's property and operations and has approved all such information for use in this Official Statement.

The execution and delivery of this Official Statement has been duly authorized by the Obligated Group, and its use has been approved by the Authority.

ST. ANTHONY'S MEDICAL CENTER,
on behalf of itself and the
other Members of the Obligated Group

By: /s/ John P. McGuire
Executive Vice President and Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

CERTAIN INFORMATION REGARDING ST. ANTHONY'S MEDICAL CENTER

[THIS PAGE INTENTIONALLY LEFT BLANK]

ST. ANTHONY'S MEDICAL CENTER

ORGANIZATION AND OPERATIONS

INTRODUCTION

St. Anthony's Medical Center ("**St. Anthony's**"), a nonprofit corporation, incorporated in 1971 under the laws of the State of Missouri, owns and operates an acute care hospital and related health care facilities known as St. Anthony's Medical Center in St. Louis County, Missouri. The purpose of St. Anthony's is to provide Catholic hospital facilities and services for the care and treatment of inpatients and outpatients who are acutely ill or who otherwise require medical care and related services. St. Anthony's Medical Center Foundation (the "**Foundation**") is a Missouri nonprofit corporation organized to support St. Anthony's activities. St. Anthony's and the Foundation (the "**Corporations**") are both recognized as organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Corporations comprise the members of the Obligated Group pursuant to the Master Indenture obligated to repay the Series 2005 and Series 2006 Bonds.

HISTORY AND BACKGROUND

St. Anthony's traces its origin to 1898 when the Religious Order of Franciscan Sisters founded St. Anthony's Hospital in the City of St. Louis, Missouri. The original St. Anthony's Hospital was a 292-bed facility located in south St. Louis, Missouri, and was operated by the Franciscan Sisters of Wheaton, Illinois. During the 1940's and early 1950's, St. Anthony's Hospital served as the center for the treatment of polio in the Midwestern United States. Due to the many market changes in the 1960's, the Franciscan Sisters announced the closing of St. Anthony's Hospital. With exceptional community support to keep St. Anthony's Hospital open, a new organization, St. Anthony's Hospital of St. Louis, Missouri, with a lay board of directors, was formed in 1967. St. Anthony's Medical Center accepted ownership and control of the hospital assets, and commenced operations in 1975 in suburban south St. Louis County as a 277-bed acute care hospital.

During the 1980's, through major expansion in facilities and technology, St. Anthony's grew to be one of the largest medical centers in the greater St. Louis area with 908 licensed beds. St. Anthony's concentrated its growth in two general directions:

1) For medical and surgical services, St. Anthony's resources were focused on serving the southern regions of the metropolitan St. Louis area for primary, secondary and tertiary care, and rural regions of Missouri and Illinois south of St. Louis for patients needing tertiary care, and

2) For its psychiatric and chemical dependency services, the market area was much broader, allowing St. Anthony's to concentrate on the development of these services as a Midwestern regional referral center.

St. Anthony's religious affiliation with the Franciscan Sisters of Wheaton, Illinois was transferred to a Private Association of the Christian Faithful with sponsorship through the St. Louis Archdiocese in 1989.

St. Anthony's operated successfully as an independent facility for many decades. Unlike competing institutions, St. Anthony's believed that its resources and energies were best expended by effectively managing closely related health care businesses. While management examined many unrelated business opportunities, St. Anthony's achieved its success as a large Midwestern medical center by concentrating efforts on its primary purposes and business plan. Accordingly, until the mid-1990's, St. Anthony's concentrated all of its operations on its 80-acre medical center campus in suburban south St. Louis County.

In 1995, St. Anthony's joined with St. John's Mercy Medical Center and St. Luke's Episcopal-Presbyterian Hospitals as partners to create Unity Health System ("**Unity Health**"), a health care system affiliated with and sponsored by the Sisters of Mercy Health System, St. Louis, Inc. ("**SMHS**"). SMHS was designated as the sole corporate member of Unity Health, and Unity Health became the sole corporate member of St. Anthony's and of the other constituent institutions. Unity Health was designed with decentralized management, preserving the autonomy of the constituent boards, while encouraging integration in the areas of managed care contracting, capital finance, billing and collection, human resources and other administrative functions. In addition, consolidation of debt into the existing SMHS co-obligated group, a major goal of the Unity Health hospitals, was accomplished in 1995.

Beginning in 1998, St. Anthony's Board identified a gradual transformation in the philosophy of Unity Health and other SMHS affiliates to a more centralized management structure. Capital requirements to support the infrastructure of Unity Health increased dramatically at the same time that reimbursement for health care services was declining. St. Anthony's Board of Directors determined that these changes were not consistent with its original goals in joining Unity Health, and not consistent with St. Anthony's mission of serving patient care needs in the south St. Louis metropolitan area. Returning to its prior operating philosophy that its resources and energies were best expended on the effective management of closely related health care businesses, St. Anthony's withdrew from Unity Health on June 30, 2000. In connection with this withdrawal, Unity Health withdrew as sole member of St. Anthony's. St. Anthony's Association of the Christian Faithful was re-established with the Archdiocese of St. Louis, Missouri on July 1, 2000, and restored sponsorship of St. Anthony's as a Catholic health care facility.

As part of the distribution of Unity Health assets, St. Anthony's received ownership of St. Alexius Hospital (formerly Alexian Brothers Hospital), which is a 203 bed acute care hospital in South St. Louis City. After operating the hospital for 16 months, St. Anthony's sold the facility to Tenet Healthcare.

CURRENT OPERATIONS OF ST. ANTHONY'S

Today, St. Anthony's is the third largest medical center in the St. Louis metropolitan area, currently licensed at 767 beds, of which 566 are staffed. St. Anthony's has 3,978 employees, a medical, dental and pediatric staff of 850 members, and an auxiliary and volunteer corps of 1,108 members. St. Anthony's owns and operates three ambulatory care centers, each of which contains an urgent care center, physician offices and ancillary support operations. The hospital campus and the three ambulatory care centers provide convenient access to care for the people who live in the primary service area. St. Anthony's intends to focus its resources on the provision of primary and secondary care, as well as the further development of St. Anthony's tertiary programs, and to expand cardiac, pediatric, and orthopedic services.

In anticipation of the possible implementation of enhanced reimbursement for designated centers of excellence for special care, St. Anthony's identified its strongest core service lines. As a result of its commitment to improving and expanding cardiac care available to the community, St. Anthony's opened the Heart & Ambulatory Services Center in 2002. This facility centralizes outpatient access to leading cardiologists, gastroenterologists and oncologists in the St. Louis area and provides a comprehensive range of cardiac and treatment procedures.

St. Anthony's received the Cardiac Center of Excellence designation from United Healthcare in 2004 and in 2005 became the first hospital in St. Louis to receive the Accredited Chest Pain Center designation by the Society of Chest Pain Centers.

St. Anthony's began developing a collaborative relationship with one of the major healthcare systems operating in the greater St. Louis metropolitan area, SSM Heath Care, in 2003 through an affiliation with Cardinal Glennon's Children's Hospital. Through this partnership, Cardinal Glennon began providing neonatology services in St. Anthony's Special Care Nursery and support services to St. Anthony's pediatric emergency services. In 2004, Cardinal Glennon added additional services by offering pediatric subspecialty services on St. Anthony's campus in the Medical Plaza building. In September 2005,

the pediatric services were further expanded with the establishment of a Pediatric Surgery Center in the same facility. This affiliation has provided St. Anthony's primary service area with convenient access to pediatric services from highly qualified specialists.

St. Anthony's many improvements have earned the hospital recognition as a Solucient Top 100 performance improvement leader among U.S. hospitals in 2005 and again in 2006. This designation was based on a thorough evaluation of 2,592 hospitals' outcomes in quality, financial operations and growth performance indicators. St. Anthony's achieved improved outcomes in these areas at a faster rate than most other U.S. hospitals.

The Foundation

The Foundation was incorporated on January 14, 1999, as a Missouri nonprofit corporation. The Foundation is organized and operated exclusively for the benefit of St. Anthony's and to carry out its purposes. The Foundation has funded capital improvements at St. Anthony's, and funds charitable initiatives to improve the health and well being of residents in St. Anthony's primary and secondary service areas. As of March 31, 2006 the Foundation maintains net assets of $164,893,976.

THE PROJECT

The Project will consist of the following: a four story addition of approximately 123,000 square feet to the south of the existing main hospital and a one story west addition of approximately 10,000 square feet to the west of the Emergency Department. In addition to the new construction, there will be approximately 89,000 square feet of renovation. The south addition formalizes a clearly defined south entry point to the complex. This entry will complete the axis established with the main north entry, enhancing visitors' comprehensive understanding of wayfinding throughout St. Anthony's facility (the "**Hospital**"). The west addition will provide a pediatric wing to the Emergency Department, which also fulfills a new partnership with Cardinal Glennon Children's Hospital to grow pediatric care at the Hospital.

The two upper floors of the addition each house a 32-bed nursing unit for heart patients. The geometry of the plan affords a main nurses station maximum supervision of both wings of the unit. Each wing is subtly triangular in configuration with support spaces in the center. While waiting will occur primarily within patient rooms, each wing has a discrete family lounge and each floor has a seating zone adjacent to the elevators overlooking the garden. The addition will be designed to accommodate two additional floors in the future. As a result of this construction, the Hospital will be 100% private rooms for its acute care patients.

The renovation portion of the program will consist of a complete refurbishment of the existing operating rooms, and the integration of the cardiac cath laboratories and the interventional radiology suites, resulting in a comprehensive procedure suite. Other renovation includes updating the bathroom facilities for the orthopedic/neurosciences floor to make them more accessible for this patient population.

Construction is scheduled to start in late Summer of 2006 and is expected to be substantially completed before the end of 2008. Final finishing work and equipment furnishing is expected to occur after 2008, with the Project fully operational by the end of 2009. The Project has an estimated cost of $91 million, to be funded by the proceeds from the issuance of the Bonds and operating cash.

GOVERNANCE AND MANAGEMENT

Board of Directors

St. Anthony's

St. Anthony's is governed by a Board of Directors, which meets a minimum of six times each year. The Board of Directors currently includes eleven business and civic leaders, three physicians who are members of the medical staff, and St. Anthony's President and Chief Executive Officer. The Board members are elected for staggered terms of three years. New directors are elected by majority vote of the Board from a list of proposed candidates prepared by the existing Board of Directors. Officers of the Board of Directors are elected for one-year terms. The members of St. Anthony's Board of Directors serve in a voluntary capacity and receive no remuneration for service rendered in such capacity.

Foundation

The Foundation is governed by a Board of Directors that manages the business and affairs of the Foundation with the assistance of investment advisors and managers selected by the Foundation's Board. Current membership is six directors with staggered terms of three years. Officers of St. Anthony's manage the day-to-day operations of the Foundation.

[Remainder of Page Intentionally Left Blank]

The following chart represents membership in the Corporations' boards:

TABLE 1

MEMBERS OF THE CORPORATIONS' BOARDS OF DIRECTORS

Name	Board Membership	Officer Positions and Occupation	Years of Board Service
Norbert A. Siegfried	1,2	**Chairman,** St. Anthony's Owner, Siegfried Financial	39
Thomas H. Rockers	1,2	**President** and Chief Executive Officer, St. Anthony's Medical Center	3
David F. Mungenast, Sr.	1,2	**First Vice Chairman**, St. Anthony's Owner/St. Louis Honda	13
Joseph G. Lipic	1,2	**Second Vice Chairman,** St. Anthony's Retired President Alexander Manufacturing	39
Thomas F. Kutis, III	1	**Secretary, St. Anthony's** President/CEO, Kutis Funeral Homes, Inc.	12
John K. Pruellage	1,2	**Treasurer,** St. Anthony's Chairman, Lewis, Rice & Fingersh, L.C.	11
David M. Sindelar	1,2	**Assistant Treasurer**, St. Anthony's President/Hanley Partners, Inc.	4
Richard W. Basler	1	President, Raymond James Financial Services, Inc.	9
Abraham S. Hawatmeh, M.D.	1	Physician, a member of St. Anthony's Medical Staff	9
Howard L. Chilcutt	1	President, Chesterfield Valley Development	2
W. Michael Ross	1	President, Regions Bank	2
Douglas P. Parashak, M.D.	1	Physician, Southwest Medical Center	1
Ravindra V. Shitut, M.D.	1	Physician, a member of St. Anthony's Medical Staff	1
Paul A. Novelly	1	Chairman, Apex Oil	1
K. Dane Brooksher	1	Chairman, ProLogis	1

Source: St. Anthony's Records

1 – Member of the Board of St. Anthony's Medical Center
2 – Member of the Board of St. Anthony's Medical Center Foundation

Board Committees

The Board of Directors has the following standing committees, subcommittees and task forces:

Executive Committee
Bylaws Committee
Finance and Audit Committee
Joint Conference Committee
Strategic Planning/Long-Range Planning Committee
Sponsorship Committee
Quality Committee
Pastoral Care Committee
Nominating Committee
Audit Subcommittee
Facilities Planning Task Force

The Executive Committee consists of the officers of the Board and exercises the authority of the Board when the Board is not in session. The Bylaws Committee is responsible for updating and amending the bylaws. The Finance and Audit Committee oversees the financial operations of St. Anthony's and recommends investment strategies. The Joint Conference Committee facilitates communication between the Board, Medical Staff and administration. The Long-Range Planning Committee is charged with developing and overseeing the implementation of St. Anthony's long-range plans. The Pastoral Care Committee is responsible for the operation of St. Anthony's as a Catholic hospital. The Committee on Quality is responsible for ensuring the quality of services provided by St. Anthony's. The Nominating Committee is responsible for the election of members to the Board of Directors. The Sponsorship Committee defines the values of St. Anthony's and strives to ensure those values are implemented throughout the organization.

Management

St. Anthony's

St. Anthony's Board of Directors appoints and delegates authority for the daily operations of St. Anthony's to the President and Chief Executive Officer. The President and Chief Executive Officer and the principal officers of St. Anthony's management are listed below:

Thomas H. Rockers, MHA (58), President and Chief Executive Officer. Mr. Rockers was appointed by the Board of Directors of St. Anthony's Medical Center as President and Chief Executive Officer in October, 2003. Mr. Rockers received a Bachelor of Science degree from South Dakota State University and a Masters Degree in Healthcare Administration from the University of Minneapolis, St. Paul. Mr. Rockers has more than 30 years of healthcare and hospital administration experience, serving in the roles of Internal Operations Administrator, Chief Operating Officer and President/Chief Executive Officer. Mr. Rockers began his career with United Hospital in St. Paul, Minnesota where he was charged with the responsibility of merging several hospitals and building a 500-bed tertiary facility, as well as opening the first prenatal center and cardiology center. While serving as President and CEO of United Hospital, Mr. Rockers significantly increased market share for admissions in the St. Paul market and established United Hospital as the dominant hospital organization in the area. As President and CEO of Santa Rosa Health Care Corporation in San Antonio, Texas, Mr. Rockers was instrumental in leading a financial turnaround, developing an organizational strategic plan and ensuring the continued success of the Santa Rosa Children's Hospital. As President of St. Anthony's Hospital System in Denver, Colorado, Mr. Rockers set the strategic plan for the hospital system and led the re-capitalization and new program development which improved the hospitals' market position. From 1996 to 2003, Mr. Rockers served as a consultant for strategic development for healthcare organizations, most recently working in strategic development for First Data Corporation in Greenwood Village, Colorado. Mr. Rockers has been involved in numerous civic and national organizations, including serving as a board member for Catholic Health Association (CHA) and the National Business Coalition on Health. Mr. Rockers is currently a trustee for the Missouri Hospital Association (MHA).

John P. McGuire, CPA, FHFMA, CHE, (58) Executive Vice President and Chief Financial Officer. Mr. McGuire joined St. Anthony's in February, 2002. He oversees the departments of Admitting, Building Services, Finance, Health Information Management, Legal/Risk Management, Managed Care, Materials Management, and Patient Accounts and is responsible for Facility Planning. From 1998 to 2001, Mr. McGuire served as Vice President and Senior Administrator of the Greenville Hospital System, Greenville, South Carolina. From 1979 to 1998 he was with Barnes-Jewish Hospital, St. Louis, Missouri. There he held the positions of Director of Internal Audit (1979-1980), Associate Director of Finance (1981-1982), Vice President (1982-1984), Executive Vice President (1984-1993), Senior Vice President (1993-1996), and Administrator (1996-1998). From 1970 to 1979 Mr. McGuire was on the audit staff of Ernst & Young in Memphis, Tennessee. He earned a Bachelor of Science in Business Administration in 1970 from Christian Brothers University, Memphis, Tennessee, a Master of Science in Accountancy in 1975 from

University of Memphis, Memphis, Tennessee and a Master of Health Administration from Washington University, St. Louis, Missouri in 1985. He received his CPA in 1971 from the American Institute of Certified Public Accountants. He is a Diplomate of the American College of Healthcare Executives. He is currently a Fellow and National Life Member of the Healthcare Financial Management Association of which he has been a member since 1976. With HFMA, he served terms as National Chairman, National Treasurer, National Secretary, National Matrix Member, two terms as a member of the National Board of Directors and two terms as a member of the Executive Committee of the Board. He served as a board member for the United Way of Greenville and has been active in the Ladue School District and the city of Creve Coeur, Missouri.

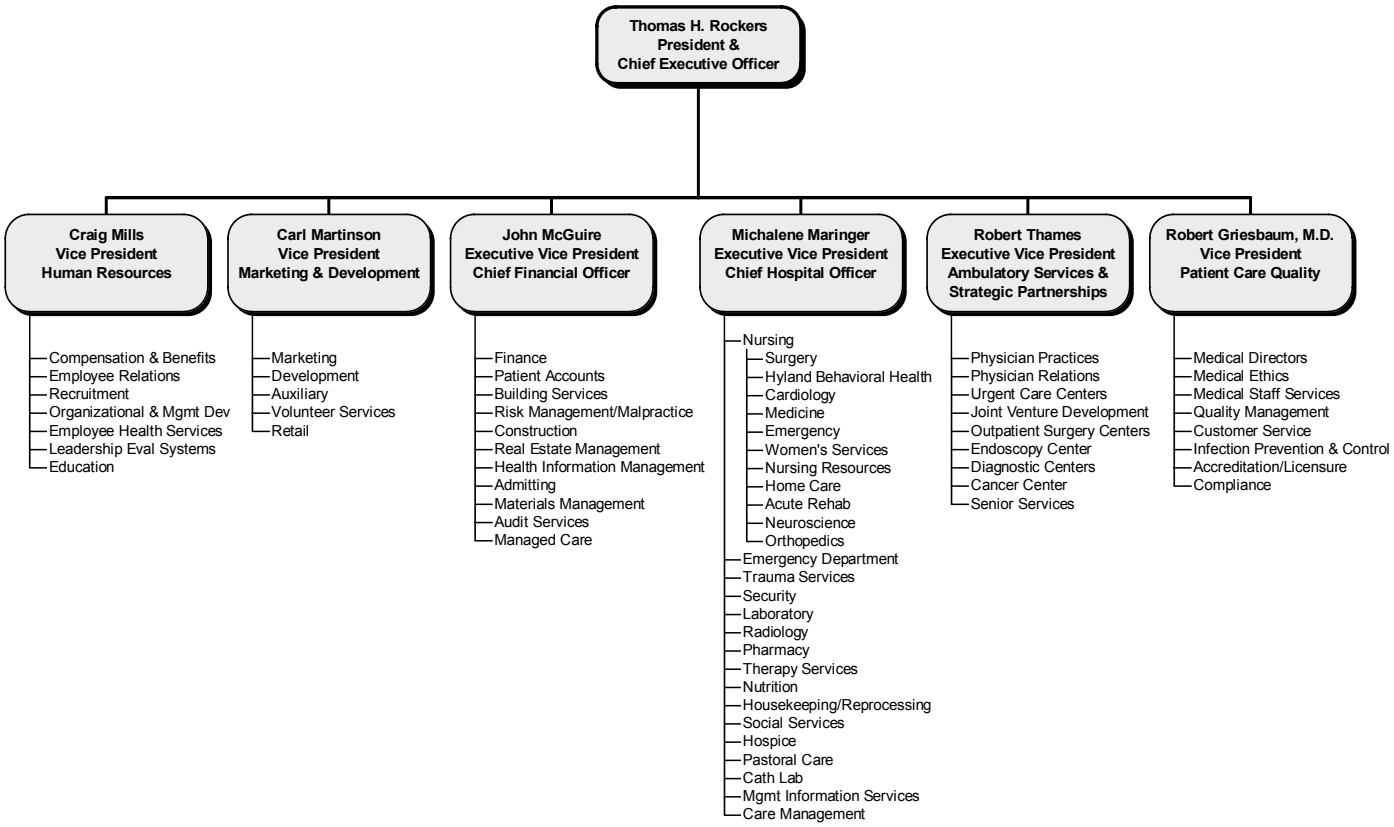
Robert P. Thames, FACHE, FHFMA, (46) Executive Vice President, Ambulatory Services and Strategic Partnerships. Since joining St. Anthony's in May, 2004. Mr. Thames has been responsible for overseeing the areas of Physician Practices, Physician Relations, Urgent Care Centers, Joint Venture Development, Outpatient Surgery Centers, Endoscopy Center, Diagnostic Centers, Cancer Center and Senior Services. As a consultant for nearly nine years with Health Evolutions (HE) and Ascension Health subsidiary Partners First (acquired by HE), he assisted multi-hospital systems and hospitals in improving organizational performance, capability and market position. Mr. Thames helped organizations realize multi-million dollar benefit and improved quality by assisting large groups of employed physicians to restructure, by using managed care discipline to improve delivery and cost of care to uninsured and under-insured populations, and by 'righting' physician-hospital organizations. His multi-hospital system-wide project leadership includes completion of market assessments, preparation for prospective ambulatory payment, and selection of preferred managed care system vendors. He has facilitated collaboration across all Catholic hospitals in Iowa to improve market share. He served in progressive operations leadership roles in community and academic medical center systems. He was recruited as Vice President of Operations for Baton Rouge General Medical Center, the primary subsidiary of General Health System, to help change the culture and improve productivity. He was appointed Vice President of Managed Care for that system after convincing the team that the System should not contract exclusively through its own HMO. He was also with the Medical College of Georgia Hospital and Clinics and the Fairview Health System in Minneapolis in various line operations and project management capacities. He holds master degrees in both business administration and hospital administration from the University of Minnesota. He is a Juran-trained facilitator and has facilitated board retreats, as well as business and product development teams. He is a Fellow of the American College of Healthcare Executives and a Fellow of the Healthcare Financial Management Association. His commitment to serving the community is evident in his community board involvement, coaching, professional board certifications and regular speaking on healthcare topics.

Michalene D. Maringer, FACHE, (52) Executive Vice President and Chief Hospital Officer. Ms. Maringer joined St. Anthony's in June, 2004. She has operational responsibility for all inpatient operations of the 554-bed tertiary care medical center, overseeing the areas of Nursing (including Surgery, Hyland Behavioral Health, Cardiology, Medicine, Emergency, Women's Services, Nursing Resources, Home Care and Acute Rehab), Emergency Department (including Trauma Services and Security), Laboratory, Radiology, Pharmacy, Therapy Services, Nutrition, Housekeeping/Reprocessing, Social Services, Hospice, Pastoral Care, Cath Lab, Management Information Services, and Case Management. Ms. Maringer has more than 30 years of experience in health care in two academic medical centers, teaching and non-teaching community hospitals and ambulatory care settings. From 2002 to 2004, she was with St. John's Hospital in Springfield, Illinois, where she held the position of Assistant Administrator and Chief Nurse Officer. From 1994 to 1998, she served Loyola University Health System in Maywood, Illinois, first as Associate Vice President, Health Care Services, and then as Chief Operating Officer at Loyola University Medical Center. From 1990 to 1994, she was Vice President, Operations, of North Carolina Baptist Hospital. Prior to 1990 Ms. Maringer attained positions of increased responsibility at Christ Hospital and Medical Center in Oak Lawn, Illinois, a member of Advocate Health Systems. There, she rose from Staff Nurse to Assistant Head Nurse to Head Nurse to Assistant Director of Nursing and, ultimately, to Director of Nursing. Ms. Maringer holds a masters degree from Rush College of Nursing in Chicago, Illinois, and a bachelor's degree in nursing from the University of Illinois, Chicago. She is a

Wharton Fellow (University of Pennsylvania) and is a Fellow in the American College of Healthcare Executives.

The following organizational chart depicts the management structure of St. Anthony's:

St. Anthony's Medical Center
Organizational Chart



DESCRIPTION OF FACILITIES

St. Anthony's provides the southern metropolitan St. Louis area with a network of services. The ambulatory care centers and physician practice sites combine with the facilities on the institution's campus to provide convenient access points for those living in the primary service area.

Main Medical Center Building

The main Medical Center building houses:

- An acute care facility which includes a wide range of programs and services:
  - Medical surgical services including:
    - 23-bed surgical intensive care unit
    - 24-bed GU/Surgery unit
    - 24-bed Surgery unit
    - 30-bed Progressive Care unit
    - 51-bed Orthopedics unit
    - 92-bed Medicine unit
    - 14-bed Women's Med/Surg unit
    - 16-bed Oncology unit
    - 12-bed Intermediate Care unit
  - Comprehensive cardiac services including:
    - open-heart surgery
    - cardiac catheterization and electrophysiology services
    - 16-bed Cardiovascular Stepdown unit
    - 16-bed Chest Pain unit
    - 42-bed Cardiology unit
    - 22-bed Cardiac Care unit
    - 8-bed Cardiovascular Intensive Care unit
    - 12-bed Interventional Cardiac Care unit
    - cardiac rehabilitation services
    - accredited Chest Pain Center
  - Childbirth Center including:
    - 9 labor and delivery
    - 24 postpartum beds
    - a newborn nursery
    - an 8-bed Level II neonatal intensive care unit
    - a prenatal center
  - A comprehensive Cancer Center
  - Women's health services
  - Stroke Center
  - A full range of imaging services
  - A comprehensive Orthopedic Center with a total joint replacement program
  - A Level II trauma center with 44 emergency rooms and 65,000 visits per year
  - An outpatient surgery center
- A 49-bed Acute Rehabilitation Unit

Source: St. Anthony's Records

Bed Complement

As of April 30, 2006 St. Anthony's bed complement was allocated among the following services:

TABLE 2

St. Anthony's Medical Center
Bed Complement by Service

Service	Number of Beds	
	Licensed	Operational
Acute Care	644	443
Behavioral Health	74	74
Acute Rehab	49	49
Total	767	566

Source: St. Anthony's Records

Hyland Building

The three-story Hyland Building houses Hyland Behavioral Health, which provides inpatient and outpatient psychiatric and chemical dependency services. Hyland Behavioral Health is licensed for 74 beds (all currently operating) that provides inpatient treatment for psychiatric illness and dual diagnosis to adults and adolescents. Outpatient treatment is provided for psychiatric illness, chemical dependency, substance abuse, and dual diagnosis to adolescents and adults in individual, couple, family and small group settings.

The third floor of the Hyland Building is leased to Kindred for operation of a 38-bed long-term acute care (LTAC) facility.

Hyland Educational & Training Center

This building houses the Education Department (including education classrooms), the Human Resources Department and the Sleep Disorder Center.

Anthony House

This building houses the outpatient behavioral programs as well as St. Anthony's Home Care. Also housed in this building are Finance and the Business Offices.

Heart & Ambulatory Services Center

The Heart and Ambulatory Services Center is a four-story facility adjacent to the Medical Center and connected by corridors. This facility was constructed in 2002 and centralizes outpatient access to leading cardiologists, gastroenterologists and oncologists in the St. Louis area, as well as physicians' offices.

St. Anthony's Medical Offices

St. Anthony's also has two medical office buildings on campus. Each is a three-story structure adjacent to the main hospital building and connected by corridors. The original office building opened in

1975 with 44,100 square feet. The second office building opened in 1981 with 48,200 square feet and includes an underground parking garage. Nearly 90 private physicians have office space in these two buildings.

St. Anthony's Medical Plaza

The Plaza is approximately 113,000 square feet facility on St. Anthony's main campus that houses outpatient services and physician offices. St. Anthony's operates an outpatient surgery center and an imaging center in this building. The surgery center offers a full range of outpatient surgery procedures. The imaging center includes the breast center which offers the most up-to-date technology and health services available. The imaging center also provides CT, MRI, ultrasound and diagnostic X-ray services. The Medical Plaza opened in 1994.

Fern & Russell F. deGreeff Hospice House

The deGreeff Hospice House is a 20-bed inpatient hospice program and the only licensed hospice house in the State of Missouri. The deGreeff Hospice House was built in 1999 and expanded in 2006 and sits on three acres of St. Anthony's campus. The Hospice House is part of St. Anthony's Hospice Program, which provides both inpatient and outpatient hospice services.

St. Anthony's Physical Therapy and Sports Medicine

This facility provides comprehensive physical therapy and sports medicine services in leased space near the main campus.

St. Anthony's Urgent Care at Arnold

This 18,000 square foot facility opened in April of 1997. Services include an urgent care center, physician offices, therapy and diagnostic services, as well as health education for the surrounding community. This facility is located at the intersection of Richardson Road and Interstate 55 in a new commercial area of Arnold, Missouri, the largest city in Jefferson County, and provides a good base from which to serve Jefferson County, the southern region of St. Anthony's service area. St. Anthony's is the primary hospital for northern Jefferson County and the base hospital for its ambulance districts. St. Anthony's Urgent Care at Arnold is eleven miles from the main Medical Center building.

St. Anthony's Urgent Care at Lemay

The St. Anthony's Urgent Care at Lemay, a 52,000 square foot facility, serves one of St. Anthony's largest service areas in south St. Louis County. The facility is located five miles from the main campus in a large residential/commercial section off Lemay Ferry Road, a well-traveled thoroughfare that connects the City of St. Louis with I-255 to the south. In addition to the urgent care center, private physicians' practices make a full complement of medical services available to the northeast part of St. Anthony's service area.

St. Anthony's Urgent Care at Fenton

St. Anthony's Urgent Care at Fenton, a 30,000 square foot building expands St. Anthony's ambulatory services into the fast growing southwest part of St. Louis County. Opened in 2004 and just five minutes from the main campus, the center is located by Gravois Bluffs, one of the largest outdoor shopping centers in St. Louis. Services available at the facility include an urgent care, imaging and physical therapy, as well as physician's offices.

DESCRIPTION OF MEDICAL STAFF

At St. Anthony's, there are 816 active physicians and podiatrists as of March 31, 2006. Each member of the staff is assigned to one of the medical staff departments and is privileged to treat patients in accordance with his/her experience, training and professional capabilities. Approximately 90% of St. Anthony's medical staff members are board certified.

TABLE 3

Medical Staff Composition
As of March 31, 2006

Specialty	Number of Staff	Average Age	Number of Staff Who are Board Certified	Percentage of Staff Who are Board Certified
Anesthesiology	35	44	29	83%
Emergency	61	44	52	85%
Family Practice	67	48	60	90%
Medicine	294	48	279	95%
OB/GYN	47	50	43	91%
Orthopedic	29	51	26	90%
Pathology	6	54	6	100%
Pediatrics	71	47	65	92%
Podiatry	43	44	33	77%
Psychiatry	20	65	18	90%
Radiology	19	51	18	95%
Surgery	124	51	111	90%
TOTAL	816	50	740	90%

Source: St. Anthony's Records

TABLE 4

Admissions by Physician Age Group
March 31, 2006

Age Group	Number of Physicians in Age Group	Percent of Physicians in Age Group	Percent Of Total Admissions
25-34	76	9%	7%
35-44	230	28%	30%
45-54	282	35%	36%
55-64	173	21%	24%
65+	55	7%	3%
Total	**816**	**100%**	**100%**

Source: St. Anthony's Records

TABLE 5

Top Ten Admitting Physicians
July 1-December 31, 2005

Specialty	Admissions	Age
1. Internal Medicine	475	47
2. Internal Medicine	422	39
3. Internal Medicine	389	35
4. Internal Medicine	387	37
5. Internal Medicine	347	36
6. Internal Medicine	254	44
7. Internal Medicine	210	44
8. Internal Medicine	203	53
9. Internal Medicine	198	32
10. Internal Medicine	195	30
Total Admissions/Average Age	**3,080**	**40**
Top Behavioral Health Admitters		
1. Behavioral Medicine	640	59
2. Behavioral Medicine	622	57
3. Behavioral Medicine	440	52
4. Behavioral Medicine	119	57
Total Admissions/Average Age	**1,821**	**56**

Source: St. Anthony's Records

TABLE 6

Medical Staff Turnover

Year ended June 30	Staff Added	Removal from Staff: Moved/ Resigned/ Retired	Removal from Staff: Deceased	Total	Net Changes
1996	44	28	3	825	1.6%
1997	39	6	1	857	3.9%
1998	51	13	2	893	4.2%
1999	95	75	7	906	1.5%
2000	72	72	2	904	-0.2%
2001	67	42	2	927	2.5%
2002	148	84	9	982	5.9%
2003	94	82	6	988	0.6%
2004	97	107	1	977	-1.1%
2005	86	70	0	993*	1.6%
TOTAL	793	579	33	993	

Source: St. Anthony's Records
*Includes active physicians, honorary staff and emeritus staff.

SERVICE AREA OVERVIEW

For purposes of this discussion, the metropolitan area of St. Louis includes the city of St. Louis (which is an individual governmental unit and not part of any county in Missouri), and the counties of St. Louis, Jefferson, Ste. Genevieve, and St. Francois in Missouri and Monroe and Randolph counties in southern Illinois. St. Anthony's is the largest medical center in the south St. Louis metropolitan area. It is three times the size of the next largest hospital in its service area. St. Anthony's competes on a local and regional level depending on the services offered. The southern metropolitan area makes up the core market for most acute care services. Behavioral Health, Cardiology, Orthopedics and Emergency Medicine services draw on a regional level.

St. Anthony's Medical Center is the only medical center located in south St. Louis County. Northern Jefferson County is primarily served by St. Anthony's. Jefferson County has only one hospital in the county and it is Jefferson Memorial Hospital, located in the southern part of Jefferson County, about 30 miles from St. Anthony's. St. Anthony's also draws patients from Monroe and Randolph counties in southern Illinois, which are to the east and south of St. Anthony's. There are no hospitals located in Monroe County, and Randolph County has only one facility, St. Clement Health Services in Red Bud, which is 37 miles from St. Anthony's.

St. Anthony's enjoys strong support from the communities it serves. Emergency Department visits exceed 65,000 patients a year. St. Anthony's Emergency Department is one of the busiest emergency rooms in the State of Missouri and it is the only one located in south St. Louis County. St. Anthony's Emergency Department provides medical direction for thirteen ambulance districts using our Level II Trauma Center as their base medical center, making St. Anthony's attractive to managed care provider networks.

Demographics

St. Anthony's primary service area consists of twenty zip codes with an estimated population of 394,892. The suburban areas served by St. Anthony's are economically stable, upper middle class residential communities. They are projected to grow at a 3.4% rate of increase over the next five years, through year 2010.

TABLE 7

SAMC Primary Service Area Population

	2000	Estimated 2005	Projected 2010	% Change 2000/2005	% Change 2005/2010	2005 Proj Median Age	2005 Avg Hshold Inc.
St. Louis Country	226,006	227,654	229,168	0.7%	0.7%	38.0	73,325
North Jefferson County	118,182	126,335	134,784	6.9%	6.7%	37.9	71,412
South Jefferson County	8,321	9,105	9,926	9.4%	9.0%	38.8	58,968
Illinois Counties	29,068	31,798	34,612	9.4%	8.8%	39.8	77,789
Total Primary Care Market	381,577	394,892	408,490	3.5%	3.4%		

Source: Hospital Industry Data Institute
Data only includes zip codes that comprise SAMC's primary service area (PSA)

Market Share Table

St. Anthony's is the only hospital in its Primary Service Area (PSA). Listed in Table 8 are the hospitals that are competitive within St. Anthony's PSA.

TABLE 8

PRIMARY SERVICE AREA ACUTE CARE HOSPITALS

		Average Daily Census Calendar Year			Total Discharges Calendar Year		
Hospital/Medical Center	**Available Beds**	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
St. Anthony's Medical Center	566	370.9	371.9	387.1	27,566	27,960	28,752
Primary Competitors							
Barnes-Jewish Hospital	1,090	731.1	757.5	768.8	48,858	50,437	52,627
St. Johns Mercy Medical Center	883	653.2	684.5	694.1	37,050	39,910	40,678
Des Peres Hospital	123	99.3	101.4	109.6	7,913	8,647	9,058
Missouri Baptist Medical Center	391	287.4	290.5	307.3	21,643	22,686	22,532
St. Joseph's Hospital-Kirkwood	201	89.7	86.4	97.7	8,008	7,777	8,925
St. Mary's Health Center	292	253.6	255.5	259.8	18,656	19,236	19,731

Market Share

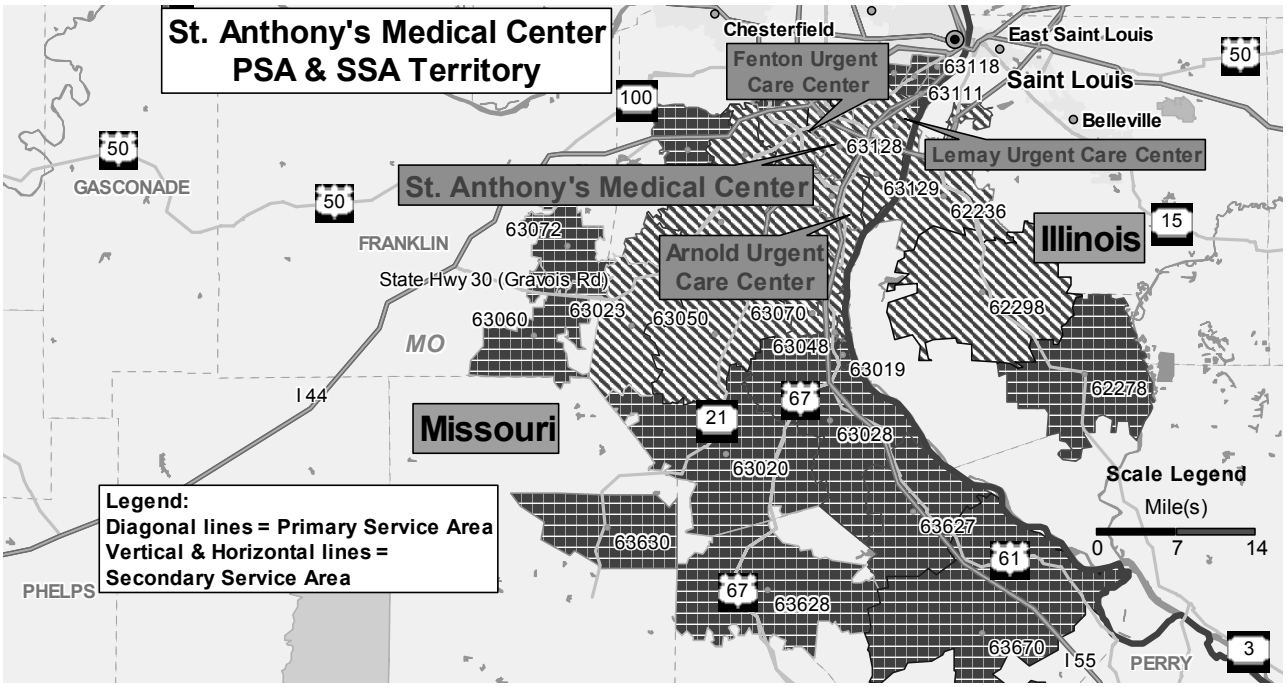
Table 9 shows the dominant market share St. Anthony's holds in the PSA as of September 30, 2005. St. Anthony's has a strong market share presence in both its primary (37.4%) and secondary (8.7%) markets. Hospitals that are key competitors are also included on the table.

TABLE 9

Market Share Analysis
10/1/04 to 9/30/05

	Zip Codes	Total Discharges	St. Anthony's Percent	Barnes-Jewish	St. John's Mercy	Des Peres	Missouri Baptist	St. Joseph's	St. Mary's	Other Hospitals
Primary Service Area										
Columbia	62236	1,439	27.0%	6.7%	10.4%	2.8%	9.7%	2.1%	1.7%	39.6%
Dupo	62239	798	17.8%	8.9%	3.9%	1.6%	3.4%	1.0%	4.1%	59.3%
Waterloo	62298	1,872	23.7%	8.2%	8.7%	3.8%	14.2%	1.8%	1.0%	38.6%
Arnold	63010	4,985	48.3%	4.4%	13.2%	5.1%	5.9%	6.3%	2.0%	14.8%
Barnhart	63012	1,220	38.6%	4.2%	16.5%	3.5%	5.6%	7.5%	1.2%	22.9%
Cedar Hill	63016	1,318	29.3%	3.3%	13.0%	22.8%	6.2%	8.4%	1.6%	15.4%
Dittmer	63023	648	27.0%	3.2%	15.7%	16.8%	6.9%	12.3%	1.1%	17.0%
Fenton	63026	5,827	31.3%	4.8%	19.8%	6.3%	9.2%	11.9%	2.0%	14.7%
Herculaneum	63048	703	14.9%	3.0%	6.0%	1.7%	2.7%	2.0%	2.8%	66.9%
High Ridge	63049	2,033	29.6%	5.2%	19.6%	8.9%	8.8%	12.3%	1.6%	14.0%
Hillsboro	63050	2,014	24.2%	4.1%	10.0%	6.0%	5.3%	4.6%	1.4%	44.4%
House Springs	63051	1,886	34.4%	3.7%	17.4%	10.9%	6.4%	12.9%	1.2%	13.1%
Imperial	63052	3,069	42.3%	4.1%	15.3%	5.3%	6.0%	6.5%	2.0%	18.5%
Pevely	63070	1,124	20.6%	3.0%	6.8%	4.3%	3.2%	3.5%	1.3%	57.3%
Affton	63123	7,415	36.0%	8.2%	11.0%	4.4%	7.3%	7.7%	10.0%	15.4%
Lemay	63125	5,718	49.0%	5.7%	10.0%	4.4%	4.3%	5.1%	6.1%	15.4%
Sappington	63126	2,306	26.6%	7.7%	16.5%	4.6%	9.7%	15.1%	7.2%	12.6%
Sunset Hills	63127	849	32.6%	6.5%	13.3%	5.5%	9.9%	16.7%	3.5%	12.0%
Sappington	63128	4,481	48.0%	6.8%	11.8%	5.9%	7.5%	5.8%	3.3%	10.9%
Mehlville	63129	5,907	45.2%	7.0%	14.1%	4.3%	7.3%	5.6%	4.1%	12.4%
Overall PSA Market %		**55,612**	**37.4%**	**5.8%**	**13.3%**	**5.7%**	**7.1%**	**7.5%**	**3.9%**	**19.3%**
Secondary Service Area										
Red Bud	62278	678	13.0%	11.4%	2.8%	5.3%	12.5%	1.2%	0.9%	52.9%
Crystal City	63019	1,056	8.3%	4.8%	6.8%	1.7%	2.9%	1.3%	0.3%	73.9%
DeSoto	63020	3,772	11.6%	3.7%	6.2%	4.5%	3.2%	1.8%	0.9%	68.1%
Eureka	63025	1,536	9.8%	5.0%	29.9%	12.4%	10.0%	8.2%	2.0%	22.7%
Festus	63028	4,399	11.4%	3.4%	8.1%	2.7%	3.6%	1.7%	1.2%	67.9%
Lonedell	63060	326	8.6%	5.2%	21.2%	5.5%	8.0%	4.9%	1.2%	45.4%
Robertsville	63072	427	9.8%	4.9%	23.9%	7.0%	4.2%	9.4%	2.3%	38.5%
St. Louis City	63109	3,916	9.4%	18.1%	9.8%	1.6%	7.4%	4.1%	21.0%	28.6%
St. Louis City	63111	4,120	12.8%	17.2%	4.4%	1.5%	1.8%	0.9%	10.0%	51.4%
St. Louis City	63116	6,924	11.7%	21.1%	6.0%	1.3%	3.8%	2.5%	15.0%	38.6%
St. Louis City	63118	5,399	4.6%	23.1%	3.4%	0.6%	1.6%	0.8%	8.6%	57.3%
Webster Groves	63119	4,589	7.7%	9.9%	16.1%	1.6%	11.8%	12.2%	22.7%	18.0%
Kirkwood	63122	4,972	4.6%	6.5%	25.3%	2.5%	14.9%	22.7%	5.9%	17.6%
Bloomsdale	63627	454	6.8%	5.5%	3.3%	2.2%	3.5%	1.3%	1.1%	76.3%
Bonne Terre	63628	2,138	4.6%	9.7%	5.4%	5.1%	4.9%	1.1%	1.3%	67.9%
Cadet	63630	708	5.6%	4.7%	5.4%	8.8%	5.1%	2.7%	1.7%	66.0%
Ste. Genevieve	63670	2,267	4.9%	5.5%	2.2%	1.3%	4.6%	0.3%	2.1%	79.1%
Overall SSA Market %		**47,681**	**8.7%**	**12.2%**	**9.8%**	**2.6%**	**6.0%**	**5.2%**	**9.0%**	**46.5%**

St. Anthony's Medical Center
Primary and Secondary Service Area



MANAGEMENT'S DISCUSSION OF UTILIZATION

Year Ended June 30, 2003

Total admissions decreased 6.4% from fiscal year 2002. However, in June 2002, St. Anthony's closed a skilled nursing unit and, in October 2002, the inpatient chemical dependency unit was closed. When restating volume for on-going unit admissions only, actual admissions increased 2.4%.

As an offset to the above closings, in July 2003, St. Anthony's opened an additional 17 beds in the acute rehabilitation division, resulting in an overall increase in hospital admissions of .9% (based upon on-going units only). Non-chemical dependency behavioral health admissions also increased over 2002.

In the St. Alexius Hospital sale transaction (which occurred November 1, 2001), St. Anthony's Medical Center retained the Lemay urgent care facility and the senior services programs. Outpatient visits increased in fiscal year 2003, the first full fiscal year of operations for these two new services. When the visits associated with the newly acquired programs are removed from the statistics, outpatient visits grew at 2.9% due to an increase in diagnostic visits and hospice program days.

Year Ended June 30, 2004

In fiscal year 2004, acute care admissions increased significantly (7.9%). The average daily census increased 3.4% (from 258.4 to 267.3). Acute rehabilitation continued to grow with an increase of 44.4% over fiscal year 2003.

As behavioral health reimbursement continued to fall, in July 2003, St. Anthony's closed one of its behavioral health units (17 beds), resulting in a decrease in admissions in behavioral health of 22.8%

St. Anthony's Urgent Care at Fenton opened in January 2003 accounting for a 2% increase in outpatient visits. However, the closing of the inpatient behavioral health beds impacted the referral base for the outpatient behavioral health program, resulting in a 1.5% decrease in total visits. In addition, decreases were experienced in the senior services and physician practice divisions as a result of program changes within these areas.

Year Ended June 30, 2005

Acute care admissions increased 4.3% over fiscal year 2004.

Overall patient visits increased 7.3% over fiscal year 2004. Each of the urgent care locations experienced a growth in visits. The largest increase was gained at the St. Anthony's Urgent Care at Fenton, since it was the first full year of operations. In addition, outpatient visits increased by 1.5%. The remaining increases are attributable to senior services and the hospice program.

Nine Months Ended March 31, 2006 versus Nine Months Ended March 31, 2005

During the first nine months of fiscal year 2006, acute care admissions increased 0.4% over the same period last year.

St. Anthony's urgent care centers continue to see growth, with a 27% increase in visits in the first nine months of the current fiscal year. St. Anthony's also experienced a growth in outpatient visits, with an overall increase in outpatient visits of 8.6%.

TABLE 10

St. Anthony's Historical Utilizations

	Fiscal Years Ended June 30,			Nine Months Ended March 31,	
	2003	2004	2005	2005	2006
Days in Year	365	366	365	274	274
Inpatient Admissions					
Acute	21,021	22,675	23,639	17,703	17,766
Behavioral Med	5,273	4,072	3,720	2,749	2,941
Acute Rehab	768	1,109	1,073	795	759
Total	**27,062**	**27,856**	**28,432**	**21,247**	**21,466**
Patient Days					
Acute	94,306	97,815	100,997	74,993	79,458
Behavioral Med	31,072	23,753	22,050	16,765	14,991
Acute Rehab	10,451	14,485	14,789	11,001	10,468
Total	**135,829**	**136,053**	**137,836**	**102,759**	**104,917**
Average Census					
Acute	258.4	267.3	276.7	273.7	290.0
Behavioral Med	85.1	64.9	60.4	61.2	54.7
Acute Rehab	28.6	39.6	40.5	40.1	38.2
Total	**372.1**	**371.8**	**377.6**	**375.0**	**382.9**
Length of Stay					
Acute	4.49	4.31	4.27	4.24	4.47
Behavioral Med	5.89	5.83	5.93	6.10	5.10
Acute Rehab	13.61	13.06	13.78	13.84	13.79
Total	**5.02**	**4.88**	**4.85**	**4.84**	**4.89**
ER Visits	67,319	66,117	65,202	48,812	46,981
Outpatient Visits	309,001	300,340	322,265	239,328	259,839
Deliveries	1,557	1,399	1,467	1,096	1,112
Surgeries					
Inpatient	7,047	6,728	6,463	4,821	4,976
Outpatient	11,936	11,209	10,542	7,931	7,955
Total	**18,983**	**17,937**	**17,005**	**12,752**	**12,931**

Source: St. Anthony's Records

REIMBURSEMENT FOR SERVICES

Payments are made to St. Anthony's on behalf of patients by the federal government under the Medicare program administered by the Department of Health and Human Services, the State of Missouri under the Medicaid program, certain commercial insurance and managed care programs, and by patients on their own behalf.

Managed care accounts for approximately 50% of St. Anthony's cases. The major plans for St. Anthony's as determined by number of cases are: United Healthcare of the Midwest, Group Health Plans, HealthLink, Inc., and BlueCross BlueShield of Missouri. BlueCross BlueShield of Missouri and HealthLink, Inc. are owned by Wellpoint, Inc. based in Indianapolis, Indiana. These four plans are the dominant plans in the St. Louis market.

The evolution of consumer driven healthcare plans, specifically Health Savings Accounts (HSAs) are expected to have an increasing effect on the healthcare industry. Since consumers are expected to absorb more of the cost for their healthcare needs, they will most likely become discriminating in how they meet these needs. Consumers are expected to not only compare healthcare providers based on quality, but on cost as well. Successful providers must be able to distinguish themselves on the basis of quality and cost in their core services. St. Anthony's believes it is well positioned to focus on cost and quality and continues to structure its managed care agreements to be more competitive in the market.

The following table summarizes the percentage of St. Anthony's gross patient revenues by source of payment for the three-year period ended June 30, 2005 and the first nine months of fiscal year 2006:

TABLE 11

St. Anthony's Medical Center
Percent of Gross Patient Service Revenues

	Fiscal Years Ended June 30,			Y-T-D March
	2003	2004	2005	2006
Payor Mix				
Managed Care	41.9%	40.4%	38.2%	38.8%
Managed Care-Medicare	10.3%	10.4%	9.3%	9.4%
Medicare	34.4%	36.4%	38.5%	38.6%
Medicaid	5.8%	5.5%	6.3%	5.8%
Commercial & Other	7.5%	7.3%	7.7%	7.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Quality Initiatives

In 2005 and 2006, St. Anthony's was named as one of Solucients Top 100 Performance Improvement Leaders. For two years in a row, St. Anthony's has been one of three St. Louis hospitals to receive a United Healthcare Premium designation for Heart Services. St. Anthony's was the first Chest Pain Center in St. Louis to be accredited by the Society of Chest Pain Centers. In 2005, we received visits from CARF and JCAHO with successful accreditation from both organizations. St. Anthony's participates in the Leapfrog Program (a voluntary consumer-oriented healthcare program), the 100 K Lives campaign of the Institute for Healthcare Improvement and the Centers for Medicare and Medicaid Voluntary Quality Initiative. St. Anthony's strategic goals reflect our focus on quality, with particular emphasis on patient satisfaction and population specific measures in core services of orthopedics, neurosciences, cardiac medicine and cardiac surgery.

SUMMARY OF FINANCIAL INFORMATION

The following summary of historical revenues and expenses has been derived from the consolidated financial statements of St. Anthony's Medical Center and Subsidiaries (St. Anthony's Foundation and St. Anthony's Physician Organization), for each of the fiscal years ended June 30, 2003, 2004 and 2005. Consolidated financial statements of St. Anthony's Medical Center and Subsidiaries as of June 30, 2004 and 2005, which are included as Appendix B, have been audited by BKD, LLP, independent auditors, whose report thereon appears in Appendix B hereto. The data below for the nine month periods has been provided from interim unaudited financial statements of St. Anthony's and reflect, in the opinion of management, all adjustments necessary to fairly summarize the results for such periods. The unaudited summary of revenues and expenses for the nine months ended March 31, 2006, should not be regarded as indicative of results for the fiscal year ending June 30, 2006 or any subsequent fiscal year. This summary should be read in conjunction with the consolidated financial statements and related notes thereto of St. Anthony's Medical Center and Subsidiaries in Appendix B.

[Remainder of Page Intentionally Left Blank]

TABLE 12

($ in 000's)	Fiscal Years Ended June 30,			(Unaudited) Nine Months Ended March 31,	
	2003	2004	2005	2005	2006
Net Patient Service Revenues					
Inpatient Revenue	$148,314	$161,551	$172,649	$153,938	$160,594
Outpatient Revenue	135,533	144,146	152,475	86,826	95,125
Total	283,847	305,697	325,124	240,764	255,719
Other Operating Revenues	7,071	9,283	10,607	7,325	7,286
Total Operating Revenues	290,918	314,980	335,731	248,089	263,005
Operating Expenses					
Salaries – Staff	117,554	119,381	125,505	93,314	98,980
Salaries – Physicians	11,531	12,721	14,102	10,313	12,208
Employee Benefits	32,067	30,615	32,663	24,024	25,822
Interest	5,375	5,337	5,305	3,979	3,375
Depreciation & Amortization	14,967	17,693	20,636	15,123	16,425
Bad Debt	9,513	10,004	12,098	8,819	11,271
Medical Supplies	53,916	61,341	70,169	51,563	52,825
Other Expenses	45,995	51,404	50,187	37,477	38,407
Total Operating Expenses	290,918	308,496	330,665	244,612	259,313
Income from Operations	-	$6,484	$5,066	3,477	3,692
Non-Operating Revenue					
Income from Investments	(1,874)	7,498	8,968	7,011	8,131
Other	(75)	(259)	(532)	(91)	(520)
Total	(1,949)	7,239	8,436	6,920	7,611
Net Income (Loss)	$(1,949)	$13,723	$13,502	$10,397	$11,303

Source: St. Anthony's Records
St. Anthony's Medical Center includes the results of operations for the Foundation.
Note: Fiscal year 2003 Employee Incentive Program was structured to allocate the first $2 million of operating profits to employees. Because actual operating profit in fiscal year 2003 did not exceed $2 million, the balance was accrued to employees, resulting in no hospital operating income. The Employee Incentive Program was revised in fiscal year 2004 to allocate 25% of operating income to the program up to a maximum amount.

MANAGEMENT'S DISCUSSION OF RESULTS OF OPERATIONS

The following discussion pertains to the Corporations' fiscal years ended June 30, 2003, 2004 and 2005. During this period, net income increased from a loss of $1.9 million to $13.5 million, while net patient revenue increased by 14.5% or $41,277,000. This reflected continued growth in inpatient and outpatient services. In fiscal year 2005, on a net patient revenue base of $325.1 million, which was a 6.4% increase from 2004, the Corporations' reported an operating income of $5.1 million and $13.5 million net income. In fiscal year 2003, the Corporations recorded a breakeven from operations due to an employee incentive program which allocated the first $2 million of operating profits to employees. Because actual operating profit in fiscal year 2003 did not exceed $2 million, the balance was accrued to employees. The employee incentive program was revised in fiscal year 2004 to allocate 25% of operating income to the program up to a maximum amount of $ 2 million.

From 2003 to 2005, investment income increased in excess of $10,842,000. This reflects an increase in invested funds with days cash on hand for the Corporations' increasing from 230 to 238 days at the end of 2005 as the Corporations' balance sheet continues to remain strong. Debt service coverage also remain quite strong with coverage of 6.1 times for fiscal year 2005 and a proforma coverage of 7.3 times with the completion of the refunding of the Series 2000 bonds.

On an interim basis for the nine months ended March 31, 2006 compared to the nine months ended March 31, 2005, income from operations increased by $215,000 (6.2%). This increase is attributable to an increase in inpatient admissions of 1.2% and an increase of 8.6% in outpatient visits.

[Remainder of Page Intentionally Left Blank]

HISTORICAL AND PRO-FORMA CAPITALIZATION

The table below represents the Corporations' capitalization as of June 30, 2005 and historical pro forma capitalization as of June 30, 2005, assuming the issuance of the Series 2005 Bonds, which closed on December 14, 2005 and $70,000,000 in principal amount of the Series 2006 Bonds. The information included in the table below, except for the Historical Pro Forma 2005 amount related to the Series 2005 and 2006 Bonds and the capitalization percentage, was prepared from the information that is included in the audited consolidated financial statements in Appendix B.

TABLE 13

Historical and Pro Forma Capitalization
For the Year Ended June 30, 2005
($ in 000s)

Long Term Debt	Actual 2005	Historical Pro Forma 2005
Existing Net Long Term Debt*	$ 80,334	$ -0-
Series 2005 Bonds	-0-	86,600
Series 2006 Bonds	-0-	70,000
Total Long Term Debt	80,334	156,600
Unrestricted Net Assets	311,255	311,255
Total Capitalization	$391,589	$467,855
Net Long Term Debt as a percentage Of Total Capitalization	20.5%	33.50%

* Less current portion of long term debt

Trends in Liquidity

The following table sets forth the cash position and liquidity of the Corporations for the fiscal years ended June 30, 2003, 2004 and 2005.

TABLE 14

Liquidity of the Corporations
Years Ended June 30
($ in 000s)

	2003	2004	2005
Cash and Cash Equivalents	$ 55,998	$ 57,392	$ 52,140
Board Designated Investments	118,029	136,492	150,333
Total Liquid Assets	$174,027	$193,884	$202,473
Days Cash on Hand	230	243	238

Historical and Pro Forma Debt Service Coverage

The following table was prepared by management and sets forth the historical and pro forma debt service coverage for the Corporations for the years ended June 30, 2003, 2004 and 2005.

TABLE 15

Pro Forma Debt Service Coverage
For the Year Ended June 30
($ in 000s)

	2003	2004	2005
Net Income (Loss)	$(1,949)	$13,723	$13,502
Depreciation, Amortization and Interest Expense	20,342	23,030	25,941
Funds Available for Debt Service	$18,393	$36,753	$39,443
Pro Forma Maximum Annual Debt Service*	8,921	8,921	8,921
Coverage of Pro Forma Maximum Annual Debt Service	2.06x	4.12x	4.42x

Source: St. Anthony's Records
* Assumes an average interest rate on the Series 2005 Bonds of 3.583% and 3.899% on the Series 2006 Bonds.

ACCREDITATION

Accreditation, Licenses, Approvals, Memberships

St. Anthony's is licensed by the Missouri Department of Health and Senior Services and is fully accredited by Joint Commission on Accreditation of Health Care Organizations and also accredited by Commission on Accreditation of Rehabilitation Facilities. St. Anthony's has the following other major accreditations, approvals and memberships related to its programs and facilities:

Accreditation and Approvals

Society of Chest Pain Centers
Certification of Qualification Divisions of Workers' Compensation
American College of Radiology-Ultrasound Imaging Services
St. Louis County Department of Health
FDA Licensure
CLIA Certificate of Accreditation
CLIA Certificate of Waiver
College of American Pathologists
CLIA CMS Blood Gas Laboratory License
American Association for Respiratory Care-Quality Respiratory Care Recognition
Sleep Lab Accreditation-American Academy of Sleep Medicine
Missouri Department of Health and Senior Services-Division of Health Standards and Licensure
Missouri Department of Health and Senior Services-Bureau of Emergency Medical Services-Level II Trauma Center
State of Missouri-Licensed Drug Distributor
State of Missouri-Pharmacy Class A Comm/Ambulatory License
BNDD-State of Missouri Schedule 2,3,4,5 Controlled Drugs Registration

DEA-Federal Registration Schedule 2,3,4,5 Controlled Drugs Registration
State of Missouri Class B Hospital/Outpatient License Registration

Memberships

Greater St. Louis Hospice Organization
National Hospice & Palliative Care Organization
Continuum of Care Marketing Association
National Association for Incontinence
Nation Executive Housekeepers Association
Catholic Health Association
National Association of Catholic Chaplains
Association of Professional Chaplains
The Advisory Board
Sg2
Med Asset Group Purchasing Organization
Amerinet
Forum for Healthcare Strategists
Society for Healthcare Strategy and Market Development
Missouri Association of Healthcare Public Relations & Marketing
Public Relations Society of America
The Press Club
American Medical Rehabilitation Providers Association
Regional Chamber and Growth Association
Missouri Hospital Association
Missouri Alliance for Home Care
Beacon Health Institute
St. Louis Area Regional Response System
Metrocom Council
Health Information Management Association
Association of Women's Obstetrical Health and Neonatal Nursing
American Registry of Diagnostic Medical Sonographers
Society of Clinical Research
Oncology Nurse Society
Missouri State Tumor Registry Association
Association of Community Cancer Centers
Association of Cancer Executives
Cancer Agencies Network
National Consortium of Breast Centers
National Cancer Institute

PROFESSIONAL LIABILITY & OTHER INSURANCE

St. Anthony's maintains a self-insurance trust fund (the "**Self-Insurance Trust**") for professional and general liability claims.

The shared primary self-insured retention limit for fiscal year 2004 were $3,000,000/$9,000,000 (per occurrence/annual aggregate), limits for fiscal year 2005 were $4,000,000/$13,000,000 and fiscal year 2006 are $4,000,000/$12,000.000. For fiscal years 2004 and 2005, excess liability coverage, occurrence form, was purchased from a commercial carrier in the aggregate shared limit of $25,000,000. Occurrence form coverage for excess medical malpractice was discontinued by the commercial insurer in 2005 and therefore St. Anthony's purchased claims-made excess medical malpractice coverage for fiscal year 2006 with aggregate shared limits of $25,000,000.

St. Anthony's utilizes Tillinghast-Towers Perrin as actuary to determine reasonable funding levels for the Self-Insurance Trust. The Trust's administrator is U.S. Bancorp.

St. Anthony's also purchases coverage from commercial carriers to respond to property, helipad, automobile, directors and officers, fiduciary and crime liabilities.

LITIGATION

St. Anthony's currently has lawsuits pending against it, based on alleged professional liability. St. Anthony's retains special counsel to defend its interests in such suits. Given the Self-Insurance Trust and liability insurance coverage, it is the opinion of the management, based on consultation with special counsel, that resolution of such pending suits will not materially adversely affect the financial condition of St. Anthony's.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2006 Bonds or questioning or affecting the validity of the Series 2006 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence of the Corporations nor the title of the present directors or officers of the Corporations to their respective offices is being contested. None of the Corporations is a party to any pending litigation which in any manner questions the right of the Corporations to use the proceeds of the Series 2006 Bonds as described herein and in accordance with the provisions of the Act and the Indenture.

EMPLOYEES

As of March 31, 2006, St. Anthony's employed 3,978 employees, 2,412 full time, and 1,566 regular part time and per diem/PRN staff, equivalent to 2,787 full-time equivalent ("**FTE**") employees. As of March 31, 2006, St. Anthony's nursing departments employed 1,849 full and part time personnel, or 1,286 FTE employees, consisting of 677 FTE registered nurses, 9 FTE licensed practical nurses, and 519 FTE supervisory, clerical and other support staff. St. Anthony's combined turnover rate for the nursing staff for the past fiscal year (July 2005- June 2006) was 15.0% for RNs and LPNs. There are no employees covered under a collective bargaining agreement.

EDUCATIONAL PROGRAMS AND AFFILIATIONS

St. Anthony's also maintains educational affiliations with various educational institutions to train clinical, ancillary and support personnel. The following tables set forth the various affiliated educational programs conducted at St. Anthony's.

Educational Agreements
and Practicum Student Programs

Educational Institution	Agreement or Practicum Program
Allied Medical College	Medical Assistants
Argosy University/Twin City Campus	Radiation Therapy
Arkansas State University	Communication Disorders
Barnes College of Nursing	Nursing
Belmont University	Occupational Therapy
Central Missouri State	Speech Language
Clarke College	Physical Therapy
Clarkson College	Family Nurse Practitioner
Deaconess School of Nursing	Nursing
Fontbonne College	Speech Pathology
Forest Park	Surgical Technician Program

Gateway Institute of Technology	Healthcare Occupations
Harcum College	Physical Therapy
Jefferson College	Nursing
Jewish Hospital College	Nursing
Kankaskia College	Sonography
Lewis & Clark Community College	Nursing
Maryville University	Nursing and Physical Therapy
Midwest Institute	Medical Assistants
Missouri Baptist College	Nursing
Missouri College	Medical Assistant Program
Rockhurst University	Physical, Occupational & Speech Therapy
Rolla Tech	Surgical Technicians
Sanford Brown College	Nursing
Southeast Missouri State University	Nursing
Southeast Missouri State University	Health Management
Southern Illinois University Edwardsville	Speech Pathology
Southern Illinois University Edwardsville	CRNA Students
Southern Illinois University Edwardsville	Nursing
Southwest Baptist University	Physical Therapy
Southwestern Illinois College	Nursing
St. Charles Community College	Occupational Therapy
St. Louis College of Health Careers	Nursing
St. Louis College of Health Careers	Medical Billing
St. Louis Community College	Clinical Lab Technology & Phlebotomy
St. Louis Community College	Dietetic Technology
St. Louis Community College at MCC	Nursing
St. Louis University	Occupational, Physical Therapy & Health Information Management
St. Louis University	Physician Assistants
St. Louis University	Nursing
St. Louis University	Social Service
St. Louis University	Physical Therapy
Truman State University	Physical Therapy
University of Findley	Physical, Occupational and Rec. Therapy
University of Maine	Occupational Therapy
University of Missouri-Columbia	Nursing
University of Missouri-Columbia	Social Work
University of Missouri-Columbia	Occupational Therapy
University of Wisconsin	Social Work
Vatterott College	Medical Office Assistant
Washington University	Occupational and Physical Therapy
Webster University	Nursing
Webster University	Nurse Anesthesia Program
Western Illinois University	Speech Language

APPENDIX B

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ST. ANTHONY'S MEDICAL CENTER AND AFFILIATES

[THIS PAGE INTENTIONALLY LEFT BLANK]

St. Anthony's Medical Center and Affiliates

Accountants' Report and Consolidated Financial Statements

June 30, 2005 and 2004

St. Anthony's Medical Center and Affiliates

June 30, 2005 and 2004

Contents

Independent Accountants' Report 1

Consolidated Financial Statements

Balance Sheets 2

Statements of Operations 3

Statements of Changes in Net Assets 4

Statements of Cash Flows 5

Notes to Financial Statements 6

Independent Accountants' Report on Supplementary Information 20

Supplementary Information

Consolidating Balance Sheet 21

Consolidating Statement of Operations 25

Independent Accountants' Report

Board of Directors
St. Anthony's Medical Center and Affiliates
St. Louis, Missouri

We have audited the accompanying consolidated balance sheets of St. Anthony's Medical Center and Affiliates (the "Medical Center") as of June 30, 2005 and 2004, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Medical Center'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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Anthony's Medical Center and Affiliates as of June 30, 2005 and 2004, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ **BKD, LLP**

August 17, 2005

501 N. Broadway, Suite 600 St. Louis, MO 63102-2102 314 231-5544 Fax 314 231-9731

St. Anthony's Medical Center and Affiliates

Consolidated Balance Sheets

June 30, 2005 and 2004

(In thousands)

Assets

	2005	2004
Current Assets		
Cash and cash equivalents	$ 52,140	$ 57,392
Assets limited as to use - current	1,786	1,717
Patient accounts receivable, less allowance for uncollectible accounts; 2005 - $60,736, 2004 - $52,125	49,717	41,933
Supplies	3,949	4,133
Prepaid expenses and other	4,431	2,562
Total current assets	112,023	107,737
Assets Limited As To Use		
Board designated	150,333	136,492
Held by trustee for self-insurance	17,209	16,607
Held by trustee under bond indenture	7,390	7,560
	174,932	160,659
Less amount required to meet current obligations	1,786	1,717
	173,146	158,942
Property and Equipment, At Cost		
Land and land improvements	18,614	17,058
Buildings	143,463	136,919
Equipment	206,771	193,534
Construction in progress	5,824	5,613
	374,672	353,124
Less accumulated depreciation	202,760	182,614
	171,912	170,510
Other Assets	3,593	3,546
Total assets	$ 460,674	$ 440,735

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2005	2004
Current Liabilities		
Current maturities of long-term debt	$ 1,861	$ 1,401
Current portion of annuities payable	149	112
Accounts payable	7,684	8,000
Accrued expenses	27,814	32,482
Accrued pension payable	10,717	9,113
Total current liabilities	48,225	51,108
Estimated Self-insurance Costs	18,483	15,467
Long-Term Debt	80,334	81,602
Annuities Payable	266	414
Total liabilities	147,308	148,591
Net Assets		
Unrestricted	311,255	289,690
Temporarily restricted	2,111	2,454
Total net assets	313,366	292,144
Total liabilities and net assets	$ 460,674	$ 440,735

St. Anthony's Medical Center and Affiliates

Consolidated Statements of Operations

Years Ended June 30, 2005 and 2004

(In thousands)

	2005	2004
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue	$ 325,124	$ 305,697
Other	10,607	9,283
Total unrestricted revenues, gains and other support	335,731	314,980
Expenses		
Salaries and wages	139,607	132,102
Employee benefits	32,663	30,615
Purchased services and professional fees	5,688	8,392
Supplies and other	114,668	104,353
Depreciation	20,636	17,693
Interest	5,305	5,337
Provision for uncollectible accounts	12,098	10,004
Total expenses	330,665	308,496
Operating Income	5,066	6,484
Other Income (Expense)		
Investment return	8,968	7,498
Other, net	(532)	(259)
Total other income (expense)	8,436	7,239
Net Income	13,502	13,723
Investment return – change in unrealized gains on investments	9,092	12,323
Net assets released from restriction for acquisition of property and equipment	743	—
Change in minimum pension liability recognized	(1,772)	3,481
Increase in Unrestricted Net Assets	$ 21,565	$ 29,527

See Notes to Consolidated Financial Statements

St. Anthony's Medical Center and Affiliates

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2005 and 2004

(In thousands)

	2005	2004
Unrestricted Net Assets		
Net income	$ 13,502	$ 13,723
Investment return – change in unrealized gains on investments	9,092	12,323
Net assets released from restriction used for purchase of property and equipment	743	—
Change in minimum pension liability recognized	(1,772)	3,481
Increase in unrestricted net assets	21,565	29,527
Temporarily Restricted Net Assets		
Contributions received	400	2,454
Net assets released from restriction	(743)	—
Increase (decrease) in temporarily restricted net assets	(343)	2,454
Change in Net Assets	21,222	31,981
Net Assets, Beginning of Year	292,144	260,163
Net Assets, End of Year	$ 313,366	$ 292,144

St. Anthony's Medical Center and Affiliates

Consolidated Statements of Cash Flows

Years Ended June 30, 2005 and 2004

(In thousands)

	2005	2004
Operating Activities		
Change in net assets	$ 21,222	$ 31,981
Items not requiring (providing) cash		
Depreciation and amortization	20,693	17,750
Unrealized gains on investments	(9,092)	(12,323)
Change in minimum pension liability recognized	1,772	(3,481)
Restricted contributions received	(400)	(2,454)
Changes in		
Patient accounts receivable, net	(7,784)	(5,772)
Supplies	184	(272)
Prepaids and other current assets	(1,869)	(170)
Accounts payable and accrued expenses	(5,152)	4,890
Insurance reserves and other liabilities	3,016	2,894
Net cash provided by operating activities	22,590	33,043
Investing Activities		
Purchase of property and equipment, net	(21,276)	(25,012)
Net change in assets limited as to use	(5,181)	(7,779)
Net change in other assets	(47)	(435)
Net cash used in investing activities	(26,504)	(33,226)
Financing Activities		
Principal payments on long-term debt	(1,627)	(1,403)
Proceeds from contributions restricted for acquisition on long-lived assets	400	1,000
Proceeds from issuance of annuities payable	—	2,028
Payments on annuities payable	(111)	(48)
Net cash provided by (used in) financing activities	(1,338)	1,577
Increase (Decrease) in Cash and Cash Equivalents	(5,252)	1,394
Cash and Cash Equivalents, Beginning of Year	57,392	55,998
Cash and Cash Equivalents, End of Year	$ 52,140	$ 57,392
Supplemental Cash Flows Information		
Interest paid	$ 5,157	$ 5,236
Capital lease obligation incurred for property and equipment	$ 762	$ 742

See Notes to Consolidated Financial Statements

St. Anthony's Medical Center and Affiliates

Notes to Consolidated Financial Statements

June 30, 2005 and 2004

(In thousands)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

St. Anthony's Medical Center and Affiliates (the "Medical Center") primarily earns revenue by providing inpatient, outpatient and emergency care services to patients in the St. Louis metropolitan area. The Medical Center also provides home care and physician services in the same geographic location.

Principles of Consolidation

The consolidated financial statements of St. Anthony's Medical Center include the accounts of St. Anthony's Medical Center, St. Anthony's Foundation, St. Anthony's Physician Organization and St. Anthony's Professional Pharmacy, L.L.C. all of which are under common control. All significant inter-company transactions and balances have been eliminated in the consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Medical Center considers all liquid investments other than those limited as to use to be cash equivalents. At June 30, 2005 and 2004, cash equivalents consisted primarily of certificates of deposit and money funds.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized gains and losses on investments carried at fair value; and realized gains and losses on other investments. Unrealized gains and losses on investments are excluded from net income (loss) as reported in the statements of operations.

Assets Limited as to Use

Assets limited as to use include assets held by trustees and assets set aside by the Board of Directors for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Medical Center are included in current assets.

Patient Accounts Receivable

The Medical Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Medical Center provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Medical Center bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debt based on individual credit evaluation and specific circumstances of the account.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective useful lives. Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose.

Net Income

The statements of operations include net income. Changes in unrestricted net assets which are excluded from net income, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers to and from affiliates for other than goods and services, changes in minimum pension liability and certain other items.

Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition in revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The Medical Center provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy.

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Receipt of contributions which are conditional are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Estimated Malpractice Costs

An annual estimated provision is accrued for the self-insured portion of medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

Income Taxes

All of the not-for-profit entities of the Medical Center have been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Medical Center is subject to federal income tax on any unrelated business taxable income.

Note 2: Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Other inpatient nonacute services and defined medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Managed Care and Other. The Medical Center has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

A summary of the Medical Center's Medicare, Medicaid and managed care utilization percentages, based on net patient services revenue were as follows:

	2005	2004
Medicare	35%	32%
Medicare managed care	9	10
Medicaid	4	3
Medicaid managed care	2	1
Managed care	42	43
Other	8	11
	100%	100%

Note 3: Concentrations of Credit Risk

The Medical Center grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at June 30, 2005 and 2004, was:

	2005	2004
Medicare	23%	25%
Medicare managed care	10	11
Medicaid	11	6
Medicaid managed care	—	2
Managed care	33	37
Other third-party payers	1	7
Self-pay	22	12
	100%	100%

Note 4: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use include:

	2005	2004
Board designated – St. Anthony's Foundation	$ 150,333	$ 136,492
Held by Trustee for self-insurance	17,209	16,607
Held by Trustee under bond indenture	7,390	7,560
Total assets limited as to use	$ 174,932	$ 160,659

Board designated assets are set aside for the acquisition of depreciable assets and other capital-related costs.

The following is a summary of assets limited as to use by investment classification at June 30, 2005 and 2004:

	2005	2004
Cash and cash equivalents	$ 10,900	$ 17,709
U.S. Government obligations	3,091	3,278
Corporate bonds – domestic	10,753	11,072
Equity securities – domestic	27,446	25,132
Equity securities – foreign	2,716	3,817
Mutual funds	115,659	89,837
Limited partnerships	4,367	9,814
Total assets limited as to use	$ 174,932	$ 160,659

Total investment return is comprised of the following:

	2005	2004
Interest and dividend income	$ 6,520	$ 3,726
Net realized and unrealized gains and losses on investments reported at fair value	11,540	16,095
	$ 18,060	$ 19,821

Total investment return is reflected in the statements of operations as follows:

	2005	2004
Interest and dividend income	$ 6,520	$ 3,726
Realized gains	2,448	3,772
Investment return	8,968	7,498
Change in unrealized gains on investments	9,420	12,485
Change in unrealized losses on investments	(328)	(162)
Change in unrealized gains and losses on investments	9,092	12,323
	$ 18,060	$ 19,821

Note 5: Medical Malpractice Claims

The Medical Center is self-insured for the first $3,000 of medical malpractice risks. The Medical Center purchases insurance coverage above the self-insurance limits. Losses from asserted claims and from unasserted claims identified under the Medical Center's incident reporting system are accrued based on estimates that incorporate the Medical Center's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. Accrued malpractice losses have been discounted at a rate of 7%. It is reasonably possible that the Medical Center's estimate of losses will change by a material amount in the near term.

St. Anthony's Medical Center and Affiliates

Notes to Consolidated Financial Statements

June 30, 2005 and 2004

(In thousands)

Note 6: Long-Term Debt

	2005	2004
Revenue Bonds, Series 2000 (A)	$ 82,670	$ 83,960
Other (B)	983	558
Less bond discount	(1,458)	(1,515)
Less current maturities	(1,861)	(1,401)
	$ 80,334	$ 81,602

(A) The Series 2000 Revenue Bonds consist of Health Facilities Revenue Bonds in the original amount of $86,335 dated October 1, 2000, which bear interest at 5.75% to 6.25%. The Bonds are payable in annual installments through December 1, 2030. The Bonds maturing in the year 2011 and thereafter may be redeemed on or after December 1, 2010. The redemption price is 101% and decreases to 100% on or after December 1, 2011. The Health and Educational Facilities Authority of the State of Missouri ("Authority") issued the Bonds on behalf of the Medical Center. The proceeds of the bond issue were loaned to the Medical Center under a trust indenture and loan agreement, both dated October 1, 2000.

The trust indenture requires that certain funds be established with the trustee. Accordingly, these funds are included in assets limited as to use in the financial statements. The trust indenture also requires the Medical Center to comply with certain restrictive covenants including maintaining minimum insurance coverage, a historical debt service coverage ratio of 1.10 to 1, and restrictions on the incurrence of additional debt.

The Series 2000 Revenue Bonds are secured by the gross revenues and accounts receivable of the Medical Center and the assets restricted under the bond trust indenture. The Bonds have not been guaranteed by the Authority.

(B) Other represents capital lease obligations with imputed interest of 2.6% to 4.0%, due through November 2008; collateralized by equipment.

Aggregate annual maturities of long-term debt at June 30, 2005 are:

2005	$ 1,861
2006	1,736
2007	1,660
2008	1,691
2009	1,725
Thereafter	74,980
	$ 83,653

Note 7: Annuities Payable

The Medical Center has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The Medical Center has recorded a liability of $414 and $526 at June 30, 2005 and 2004, respectively, which represents the present value of the future annuity obligations at the time of the gift. The liability has been determined using applicable federal rates of 3.8% to 4.4% and rates of return of 8.0% to 9.0%.

Note 8: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose:

	2005	2004
Health care services		
Purchase of property and equipment	$ 2,111	$ 2,454

During 2005, net assets of $743 were released for expenses incurred for the Hospice House renovation.

Note 9: Charity Care and Community Services

In support of its mission, the Medical Center provides care to patients who lack financial resources and are determined to be medically indigent. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. In addition, the Medical Center provides services to other medically indigent patients under various state Medicaid programs. Such programs pay providers amounts that are less than the established charges for the services provided to the recipients.

The following is a summary of uncompensated charges related to these services for the years ended June 30, 2005 and 2004:

	2005	2004
Medicaid allowances	$ 32,240	$ 25,117
Charity care allowances and services	6,794	5,926
Total uncompensated charges	$ 39,034	$ 31,043

In addition to the uncompensated charges, the Medical Center maintains a community benefits program designed to positively impact the health status of the communities served. These services include outreach programs (designed to deliver health care services to under-served communities); medical education and research activities; and direct cash and in-kind charitable contributions. Direct cash contributions to unrelated organizations supporting missions consistent with the Medical Center were $339 and $167, for the years ended June 30, 2005 and 2004, respectively.

Note 10: Functional Expenses

The Medical Center provides general health care services to residents within its service area including inpatient, outpatient and emergency care services. Expenses related to providing these services are as follows:

	2005	2004
Health care services	$ 310,891	$ 290,568
General and administrative	19,774	17,928
	$ 330,665	$ 308,496

Note 11: Retirement Plans

The Medical Center sponsors a defined benefit pension plan covering substantially all employees. The Plan is designed as a cash balance plan and all employees are eligible to participate upon employment. The Plan pays benefits based on employee compensation and years of service. The Medical Center's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Medical Center may determine to be appropriate from time to time. The Medical Center expects to contribute $5.4 million to the Plan in 2006.

The Medical Center uses a June 30 measurement date for the plan. Significant balances, costs and assumptions are:

	2005	2004
Benefit obligation	$ (66,982)	$ (57,077)
Fair value of plan assets	44,366	38,368
Funded status	$ (22,616)	$ (18,709)
Accumulated benefit obligation	$ (55,083)	$ (47,481)
Amounts recognized in the balance sheets		
Accrued benefit cost	$ (10,717)	$ (9,113)
Benefit costs	$ 4,832	$ 4,345
Employer contributions	$ 5,000	$ 5,000
Benefits paid	$ 2,585	$ 3,140
Weighted-average assumptions used to determine benefit obligations		
Discount rate	5.50%	6.50%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	4.50%	4.50%
Weighted-average assumptions used to determine benefit costs		
Discount rate	6.50%	6.25%
Expected return on plan assets	8.50%	9.00%
Rate of compensation increase	4.50%	4.50%

The Medical Center has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2005:

2006	$	4,000
2007	$	4,000
2008	$	4,100
2009	$	4,100
2010	$	4,100
2011 - 2015	$	21,000

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreement permits investments in common stocks, corporate bonds and debentures, U.S. Government securities, real estate and other specified investments, based on certain target allocation percentages.

Asset allocation is primarily based on a strategy to achieve a total return sufficient to meet the actuary's return need assumption net of investment expenses and net of fees paid out of the trust. The target asset allocation percentages for 2005 and 2004, are as follows:

Domestic equity securities	Not to exceed 50%
International equity securities	Not to exceed 25%
Alternative assets	Not to exceed 10%
Fixed income securities	Not to exceed 50%

Plan assets are re-balanced quarterly. At June 30, 2005 and 2004, plan assets by category are as follows:

	2005	2004
Domestic equity securities	45%	43%
International equity securities	8%	8%
Alternative assets	7%	8%
Fixed income securities	40%	41%
	100%	100%

The Medical Center also sponsors a defined contribution plan covering substantially all employees. This Matched Savings Plan consists of both a 401(k) plan and a 403(b) plan. Contributions under the Plans include employee contributions, subject to Internal Revenue Service limitations, and a matching contribution equal to 50% up to the first 1% of the participant's compensation and 25% of the next 3%. Employees are eligible to participate upon employment and become fully vested in the matching contribution upon completion of three years of service. The Medical Center's expense related to the Matched Savings Plan was $896 and $905 for fiscal years 2005 and 2004, respectively.

Both Plans are intended to be maintained as church plans exempt from the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and qualify under Sections 401(k) and 403(b) of the Internal Revenue Code of 1986 applicable to church plans. As such the plans are not required to have annual audits or file IRS Form 5500 and related schedules.

Note 12: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*.

Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *5*.

General Litigation

The Medical Center is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Medical Center.

Note 13: Profit Participation

The Medical Center sponsors a profit sharing program whereby up to 25% of the operating income will be shared with the employees. The Medical Center expense related to the profit sharing program was $1,693 and $2,164 for the years ended June 30, 2005 and 2004, respectively.

Note 14: Financial Instruments

Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of financial instruments, except for long-term debt, approximates carrying value. The fair value of the Medical Center's long-term debt is estimated based on the borrowing rates currently available to the Medical Center for debt with similar terms and maturities.

The following table presents estimated fair value of the Medical Center's long-term debt at June 30, 2005 and 2004:

	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 82,670	$ 89,811	$ 83,960	$ 87,885

Note 15: Grounds Lease

The Medical Center has entered into a lease for the use of land at the Fenton Urgent Care Center. The lease is for a 25 year term with a 25-year renewal option.

Future minimum lease payments at June 30, 2005 were:

2006	$ 150,000
2007	150,000
2008	150,000
2009	172,500
2010	172,500
Thereafter	3,961,766
Future minimum lease payments	$ 4,756,766

Independent Accountants' Report on Supplementary Information

Board of Directors
St. Anthony's Medical Center and Affiliates
St. Louis, Missouri

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The nature of our audit procedures is more fully described in our report on the basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

St. Louis, Missouri
August 17, 2005

Supplementary Information

St. Anthony's Medical Center and Affiliates

Consolidating Balance Sheet

June 30, 2005

(In thousands)

	St. Anthony's Medical Center	St. Anthony's Foundation	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	$ 52,140	$ —	$ —	$ 52,140
Assets limited as to use – current	1,786	—	—	1,786
Patient accounts receivable	49,717	—	—	49,717
Supplies	3,949	—	—	3,949
Prepaid expenses and other	7,752	—	(3,321)	4,431
Total current assets	115,344	—	(3,321)	112,023
Assets Limited As To Use				
Board designated	147,012	150,333	(147,012)	150,333
Held by trustee for self-insurance	17,209	—	—	17,209
Held by trustee under bond indenture	7,390	—	—	7,390
	171,611	150,333	(147,012)	174,932
Less amount required to meet current obligations	1,786	—	—	1,786
	169,825	150,333	(147,012)	173,146
Property and Equipment, At Cost				
Land and land improvements	18,614	—	—	18,614
Buildings	143,463	—	—	143,463
Equipment	206,771	—	—	206,771
Construction in progress	5,824	—	—	5,824
	374,672	—	—	374,672
Less accumulated depreciation	202,760	—	—	202,760
	171,912	—	—	171,912
Other Assets	3,593	—	—	3,593
Total assets	$ 460,674	$ 150,333	$ (150,333)	$ 460,674

St. Anthony's Medical Center and Affiliates

Consolidating Balance Sheet (Continued)

June 30, 2005

(In thousands)

	St. Anthony's Medical Center	St. Anthony's Foundation	Eliminations	Consolidated
Current Liabilities				
Current maturities of long-term debt	$ 1,861	$ —	$ —	$ 1,861
Current portion of annuities payable	149	—	—	149
Accounts payable	7,684	3,321	(3,321)	7,684
Accrued expenses	27,814	—	—	27,814
Accrued pension payable	10,717	—	—	10,717
Total current liabilities	48,225	3,321	(3,321)	48,225
Estimated Self-insurance Costs	18,483	—	—	18,483
Long-Term Debt	80,334	—	—	80,334
Annuities Payable	266	—	—	266
Total liabilities	147,308	3,321	(3,321)	147,308
Net Assets				
Unrestricted net assets	311,255	147,012	(147,012)	311,255
Temporarily restricted net assets	2,111	—	—	2,111
Total net assets	313,366	147,012	(147,012)	313,366
Total liabilities and net assets	$ 460,674	$ 150,333	$ (150,333)	$ 460,674

St. Anthony's Medical Center and Affiliates

Consolidating Balance Sheet

June 30, 2004

(In thousands)

	St. Anthony's Medical Center	St. Anthony's Foundation	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	$ 57,392	$ —	$ —	$ 57,392
Assets limited as to use – current	1,717	—	—	1,717
Patient accounts receivable	41,933	—	—	41,933
Supplies	4,133	—	—	4,133
Prepaid expenses and other	7,006	—	(4,444)	2,562
Total current assets	112,181	—	(4,444)	107,737
Assets Limited As To Use				
Board designated	132,048	136,492	(132,048)	136,492
Held by trustee for self-insurance	16,607	—	—	16,607
Held by trustee under bond indenture	7,560	—	—	7,560
	156,215	136,492	(132,048)	160,659
Less amount required to meet current obligations	1,717	—	—	1,717
	154,498	136,492	(132,048)	158,942
Property and Equipment, At Cost				
Land and land improvements	17,058	—	—	17,058
Buildings	136,919	—	—	136,919
Equipment	193,534	—	—	193,534
Construction in progress	5,613	—	—	5,613
	353,124	—	—	353,124
Less accumulated depreciation	182,614	—	—	182,614
	170,510	—	—	170,510
Other	3,546	—	—	3,546
Total assets	$ 440,735	$ 136,492	$ (136,492)	$ 440,735

St. Anthony's Medical Center and Affiliates

Consolidating Balance Sheet (Continued)

June 30, 2004

(In thousands)

	St. Anthony's Medical Center	St. Anthony's Foundation	Eliminations	Consolidated
Current Liabilities				
Current maturities of long-term debt	$ 1,401	$ —	$ —	$ 1,401
Accounts payable	112	—	—	112
Accrued expenses	8,000	4,444	(4,444)	8,000
Accrued pension payable	32,482	—	—	32,482
	9,113	—	—	9,113
Total current liabilities	51,108	4,444	(4,444)	51,108
Estimated Self-insurance Costs	15,467	—	—	15,467
Long-Term Debt	81,602	—	—	81,602
Total liabilities	414	—	—	414
Unrestricted Net Assets	148,591	4,444	(4,444)	148,591
Total liabilities and net assets	289,690	132,048	(132,048)	289,690
	2,454	—	—	2,454
	292,144	132,048	(132,048)	292,144
	$ 440,735	$ 136,492	$ (136,492)	$ 440,735

St. Anthony's Medical Center and Affiliates

Consolidating Statement of Operations

Year Ended June 30, 2005

(In thousands)

	St. Anthony's Medical Center	St. Anthony's Foundation	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support				
Net patient service revenue	$ 325,124	$ —	$ —	$ 325,124
Other	10,607	—	—	10,607
Total unrestricted revenues, gains and other support	335,731	—	—	335,731
Expenses				
Salaries and wages	139,607	—	—	139,607
Employee benefits	32,663	—	—	32,663
Purchased services and professional fees	5,688	—	—	5,688
Supplies and other	114,668	—	—	114,668
Depreciation	20,636	—	—	20,636
Interest	5,305	—	—	5,305
Provision for uncollectible accounts	12,098	—	—	12,098
Total expenses	330,665	—	—	330,665
Operating Income	5,066	—	—	5,066
Other Income (Expense)				
Investment return	8,968	6,061	(6,061)	8,968
Other, net	(532)	—	—	(532)
Total other income (expense)	8,436	6,061	(6,061)	8,436

Continued

St. Anthony's Medical Center and Affiliates

Consolidating Statement of Operations (Continued)

Year Ended June 30, 2005

(In thousands)

	St. Anthony's Medical Center	St. Anthony's Foundation	Eliminations	Consolidated
Net Income	$ 13,502	$ 6,061	$ (6,061)	$ 13,502
Unrealized gains and losses on investments	9,092	8,903	(8,903)	9,092
Net assets released from restriction for acquisition of property and equipment	743	—	—	743
Change in minimum pension liability recognized	(1,772)	—	—	(1,772)
Increase in Unrestricted Net Assets	$ 21,565	$ 14,964	$ (14,964)	$ 21,565

St. Anthony's Medical Center and Affiliates

Consolidating Statement of Operations

Year Ended June 30, 2004

(In thousands)

	St. Anthony's Medical Center	St. Anthony's Foundation	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support				
Net patient service revenue	$ 305,697	$ —	$ —	$ 305,697
Other	9,283	—	—	9,283
Total unrestricted revenues, gains and other support	314,980	—	—	314,980
Expenses				
Salaries and wages	132,102	—	—	132,102
Employee benefits	30,615	—	—	30,615
Purchased services and professional fees	8,392	—	—	8,392
Supplies and other	104,353	—	—	104,353
Depreciation	17,693	—	—	17,693
Interest	5,337	—	—	5,337
Provision for uncollectible accounts	10,004	—	—	10,004
Total expenses	308,496	—	—	308,496
Operating Income	6,484	—	—	6,484
Other Income (Expense)				
Investment return	7,498	5,291	(5,291)	7,498
Other, net	(259)	—	—	(259)
Total other income (expense)	7,239	5,291	(5,291)	7,239
Net Income	13,723	5,291	(5,291)	13,723
Unrealized gains and losses on investments	12,323	12,119	(12,119)	12,323
Change in minimum pension liability recognized	3,481	—	—	3,481
Increase in Unrestricted Net Assets	$ 29,527	$ 17,410	$ (17,410)	$ 29,527

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

DEFINITIONS OF WORDS AND TERMS

In addition to terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in the Master Indenture, the Bond Indenture, the Loan Agreement and this Official Statement. Reference is hereby made to the Master Indenture, the Bond Indenture and the Loan Agreement for complete definitions of all terms.

"Act" means the Missouri Health and Educational Facilities Authority Act, Chapter 360 of the Revised Statutes of Missouri, as from time to time amended.

"Authority" means the Health and Educational Facilities Authority of the State of Missouri created by the Act, or any body, agency or instrumentality of the State succeeding to or charged with the powers, duties and functions of the Authority.

"Bond" or **"Bonds"** means any of the Series 2006A Bonds and the Series 2006B Bonds, authenticated and delivered under and pursuant to the Bond Indenture.

"Bond Indenture" means the Bond Trust Indenture as originally executed by the Authority and the Bond Trustee, as from time to time amended and supplemented by Supplemental Bond Indentures.

"Bond Insurance Policy" means the financial guaranty insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds.

"Bond Insurer" or **"Ambac Assurance"** means Ambac Assurance Corporation, a Wisconsin stock insurance corporation, or any successor thereto or assignee thereof.

"Bond Trustee" means Commerce Bank, N.A., Kansas City, Missouri, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Bond Indenture.

"Book Value" means (a) when used with respect to Property of a Member, the value of such Property, net of accumulated depreciation and amortization, as reflected in or derived from the most recent audited financial statements of such Member or the most recent audited consolidated financial statements of the Obligated Group; and (b) when used with respect to Property of all Members, the aggregate of the values of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited consolidated financial statements of the Obligated Group, provided that such aggregate is calculated in such a manner that no portion of the value of any Property of any Member is included more than once.

"Capitalization Ratio" means, as of any date of calculation, the ratio determined by dividing (a) a numerator equal to the total Long-Term Indebtedness of the Obligated Group by (b) a denominator equal to the sum of (1) such Long-Term Indebtedness and (2) the total Unrestricted Net Assets of the Obligated Group, as reflected in or derived from the most recent audited consolidated financial statements of the Obligated Group.

"Commitment Indebtedness" means the obligation of a Member to repay amounts disbursed pursuant to a binding commitment from a financial institution (including a line of credit, letter of credit, standby bond purchase agreement, reimbursement agreement or similar credit or liquidity facility or arrangement established in connection with the issuance or incurrence of any Indebtedness of a Member or Related Bonds for the benefit of a Member) to

refinance, pay, purchase or redeem when due, tendered or required to be paid, purchased or redeemed, other Indebtedness of such Member or Related Bonds, which other Indebtedness was incurred or Related Bonds were issued in accordance with the provisions of the Master Indenture, and the obligation of such Member to pay interest payable on amounts disbursed for such purposes, plus any fees payable to such financial institution for such commitment.

"Completion Indebtedness" means Long-Term Indebtedness of a Member incurred for the purpose of financing, without materially changing the scope thereof, (a) the completion of facilities for which Long-Term Indebtedness was previously incurred under the provisions of the Master Indenture, or (b) the improvement, replacement or substitutions for, or additions to, facilities for which Long-Term Indebtedness was previously incurred, necessitated by faulty design, damage to or destruction of such facilities, or required by enactment of legislation or the promulgation of any ruling affecting the operation of such facilities by a government agency.

"Consultant" means a professional consulting firm, certified public accounting firm, investment banking firm, or other Person, selected by the Obligated Group Agent and acceptable to the Master Trustee, having the skill and experience necessary to render the particular report required by the Master Indenture and having a favorable reputation for such skill and experience, which Person shall have no interest, direct or indirect, in any Member and shall not have a partner, member, director, officer or employee who is a partner, member, director, officer or employee of any Member, it being understood that an arm's-length contract between such firm and any Member for the performance of consulting, accounting, investment banking or financial analysis or other services is not regarded as creating an interest in or an employee relationship with such entity.

"Corporation" means **St. Anthony's Medical Center**, a Missouri non-profit corporation, its successors and assigns, and any surviving, resulting or transferee corporation.

"Costs of the Project" means all reasonable or necessary costs and expenses permitted under the Act to be paid out of proceeds of Bonds with respect to the Project, including the total of all reasonable or necessary expenses incidental to the acquisition, construction, reconstruction, repair, alteration, improvement and extension of the Project, including without limitation the following:

(a) the expenses of studies and surveys, land title and mortgage title policies, architectural and engineering services and the cost of legal, organization or marketing services;

(b) financial and underwriting fees and expenses;

(c) the cost of acquiring or demolishing existing structures, developing the site of and constructing and equipping an addition constituting a part of the Project;

(d) rehabilitating, reconstructing, repairing or remodeling existing buildings constituting a part of the Project; and

(e) all other necessary and incidental expenses, including interest during construction on Bonds issued to finance the Project to a date subsequent to the estimated date of completion thereof, and any other costs permitted by the Act.

"Credit Facility" means with respect to any Master Notes or Related Bonds, any insurance policy, surety bond, letter of credit, line of credit or other form of credit enhancement issued by a bank, trust company, national banking association, insurance company or other credit provider in favor of the holders of such Master Notes or Related Bonds for the purpose of providing a source of funds for the payment of all or a portion of the obligations under the related Indebtedness or Related Bonds.

"Current Value" means (a) with respect to Property, Plant and Equipment, the aggregate fair market value of such Property, Plant and Equipment as determined by (1) a written report of an appraiser acceptable to the Master Trustee and, in the case of real property, who is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Master Trustee (which report must be dated not more than **5** years prior to the date as of which Current Value is calculated), 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; and (b) with respect to any other Property, the fair market value of such Property, which fair market value must be evidenced in a manner satisfactory to the Master Trustee.

"Debt Service Requirements" means, with respect to Long-Term Indebtedness for any period of time for which calculated, the aggregate of the payments required to be made during such period in respect of principal (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest on the Long-Term Indebtedness with respect to which calculated; provided that:

(a) the amount of such payments for a future period are calculated in accordance with the assumptions contained in the Master Indenture;

(b) such payments are excluded from Debt Service Requirements to the extent that cash or Escrowed Obligations are on deposit in an irrevocable escrow or trust account and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal or interest and are sufficient to pay such principal or interest; and

(c) such payments are excluded from Debt Service Requirements to the extent such principal or interest was paid or is to be paid from the proceeds of Refunding Indebtedness or other Long-Term Indebtedness (e.g., accrued and capitalized interest).

"Eligible Moneys" means:

(a) during any period a Liquidity Facility is in effect:

(1) proceeds of the Bonds which are held in a separate and segregated subaccount in the Debt Service Fund;

(2) proceeds from the remarketing of any Bonds tendered for purchase pursuant to the Bond Indenture by any person other than the Authority, the Corporation or any "insider" (as defined in the United States Bankruptcy Code) of the Authority or the Corporation;

(3) moneys drawn under the Liquidity Facility that are either applied directly to the payment of principal or purchase price of, or premium, if any, or interest on the Bonds or which, if not so applied, are held in a separate and segregated subaccount under the Bond Indenture until so applied;

(4) moneys deposited in the Debt Service Fund that have been continuously on deposit with the Bond Trustee for a period of at least **367** days during which no petition in bankruptcy (or other bankruptcy or similar proceedings) is pending or has been filed by or against the Corporation or the Authority under the United States Bankruptcy Code, as now or hereafter in effect, or other applicable state or federal bankruptcy, insolvency, reorganization or similar law for the relief of debtors, as now or hereafter in effect;

(5) any other moneys or securities, if there is delivered to the Bond Trustee an Opinion of Counsel from legal counsel having expertise in bankruptcy matters (who, for purposes of such opinion, may assume that no Owner is an "insider," as defined in the United States Bankruptcy Code) to the effect that the use of such moneys or securities to pay the principal or purchase price of, or premium, if any, or interest on the Bonds would not constitute a voidable preferential payment in the event of the occurrence of the filing of a petition in bankruptcy (or other commencement of bankruptcy or similar proceedings) by or against the Corporation or the Authority under the United States Bankruptcy Code, as now or hereafter in effect, or other applicable state or federal bankruptcy, insolvency, reorganization or similar law for the relief of debtors, as now or hereafter in effect, and provided that each nationally recognized rating service providing a rating for the Bonds has confirmed that the use of such funds shall not adversely affect any rating for the Bonds; and

(6) earnings derived from the investment of any of the foregoing;

(b) during any period a Liquidity Facility is not in effect, any moneys held by the Bond Trustee in any fund or account under the Bond Indenture and available, pursuant to the provisions hereof, to be used to pay principal or purchase price of, or premium, if any, or interest on, the Bonds.

"Escrowed Obligations" means (a) with respect to any Master Note which secures a series of Related Bonds, the obligations permitted to be used to defease such series of Related Bonds under the Related Bond Documents, (b) with respect to any Master Notes for which there are no Related Bonds, the obligations, if any, permitted to be used to defease such Master Notes by the Supplemental Master Indenture under which such Master Notes were issued, and (c) with respect to any other Indebtedness:

(1) direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and

(2) evidences of direct ownership of a proportionate or individual interest in future principal or interest payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian pursuant to the terms of a custody agreement and which obligations are not available to satisfy creditors of the custodian.

"Financing Documents" means the Bond Indenture, the Bonds, the Loan Agreement, the Tax Compliance Agreement, the Continuing Disclosure Agreement, the Master Indenture, the Series 2006 Master Notes, the Purchase Contract, the Auction Agency Agreement, the Broker-Dealer Agreement, the Remarketing Agreement, the Liquidity Facility, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

"Fiscal Year" means the **12**-month period beginning on July 1 and ending on June 30 or any other **12**-month period selected by the Corporation as the Fiscal Year of the Obligated Group for financial reporting purposes and written notice of which shall be delivered by the Corporation to the Bond Trustee.

"Gross Revenues" means all income, revenues, receipts and other moneys received by or on behalf of any Member of the Obligated Group from any source and all rights to receive the same whether in the form of accounts, contract rights, chattel paper, instruments, general intangibles or other rights now owned or hereafter acquired by

any Member of the Obligated Group, and all proceeds therefrom whether cash or noncash, all as defined in Article 9 of the Uniform Commercial Code of the applicable State where a Member is located; excluding, however, gifts, grants, bequests, donations and contributions to any Member of the Obligated Group made, and the income and gains derived therefrom, which are specifically restricted by the donor, testator or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture or on the Master Notes.

"Guaranty" means any obligation of a Member guaranteeing, directly or indirectly, any obligation of any other Person other than a Member, which obligation would, if such other Person were a Member, constitute Long-Term Indebtedness, including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Member: (a) to purchase such obligation or any Property constituting security therefor; (b) to advance or supply funds: (1) for the purchase or payment of such obligation, or (2) to maintain working capital or other balance sheet condition; (c) to purchase securities or other Property or services primarily for the purpose of assuring the holder of such obligation of the ability of the Person who is primarily obligated on the obligation guaranteed by the Member to make payment of the obligation; or (d) otherwise to assure the holder of such obligation against loss in respect thereof.

"Historical Debt Service Coverage Ratio" means, for any historical period of time, the ratio determined by dividing (a) a numerator equal to the Net Income Available for Debt Service of the Obligated Group for that period by (b) a denominator equal to the Maximum Annual Debt Service for Long-Term Indebtedness of the Obligated Group Outstanding during such period.

"Historical Pro Forma Debt Service Coverage Ratio" means, for any historical period of time, the ratio determined by dividing (a) a numerator equal to the Net Income Available for Debt Service of the Obligated Group for that period by (b) a denominator equal to the Maximum Annual Debt Service Requirement of the Obligated Group for the Long-Term Indebtedness then Outstanding (other than any Long-Term Indebtedness being refunded with the Long-Term Indebtedness then proposed to be issued) and the Long-Term Indebtedness proposed to be issued.

"Indebtedness" means (a) all Master Notes, (b) all Guaranties, and (c) all other indebtedness or obligations of any Member for the repayment of borrowed money (including capital leases, installment purchase contracts and guaranties of indebtedness) shown as liabilities on the balance sheet of such Member or which are properly capitalized on the balance sheet of such Member in accordance with generally accepted accounting principles (including obligations that are not evidenced or secured by Master Notes hereunder).

"Insured Bonds" means Bonds insured by Ambac Assurance under the Bond Insurance Policy.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

"Loan Agreement" means the Loan Agreement dated as of the date hereof, between the Authority and the Corporation as from time to time amended by Supplemental Loan Agreements.

"Long-Term Indebtedness" means (a) Indebtedness having an original stated maturity or term greater than one year, or (b) Indebtedness having an original stated maturity or term equal to or less than one year that is renewable or extendable at the option of the debtor for a period greater than one year from the date of original issuance or incurrence thereof, or with respect to which a Member has incurred Commitment Indebtedness that

would refinance such Indebtedness for a period extending beyond one year from the date of original issuance or incurrence thereof.

"Master Indenture" means the Master Trust Indenture among the Members of the Obligated Group and the Master Trustee, as from time to time amended or supplemented in accordance with the terms hereof.

"Master Notes" means Master Notes issued, authenticated and delivered under the Master Indenture concurrently with or after the date on which the Master Indenture becomes effective, including (a) any Master Notes issued in connection with the issuance of Related Bonds pursuant to a Related Bond Indenture and an indenture supplemental hereto entered into concurrently with the execution and delivery of the Master Indenture, and (b) any Master Notes issued after the date the Master Indenture becomes effective in accordance with the provisions hereof, including any Master Notes issued after the date hereof in replacement of and exchange for Master Notes issued hereunder.

"Master Trustee" means **Commerce Bank, N.A.**, or any successor trustee under the Master Indenture.

"Maximum Annual Debt Service" means the maximum amount of Debt Service Requirements for Long-Term Indebtedness of the Obligated Group as computed for the current Fiscal Year with respect to which debt service coverage is calculated or any succeeding Fiscal Year.

"Member" or **"Member of the Obligated Group"** means each Person that is a Member of the Obligated Group on the date of original execution and delivery of the Master Indenture (which includes **St. Anthony's Medical Center** and **St. Anthony's Medical Center Foundation**), each Person that subsequent to the date of the Master Indenture becomes a Member of the Obligated Group pursuant to the terms of the Master Indenture, and their successors and assigns, unless any such Person has withdrawn from the Obligated Group pursuant to the terms of the Master Indenture.

"Net Income Available for Debt Service" means, for any period of calculation, the excess of total unrestricted revenues, gains and other support of the Obligated Group over total expenses of the Obligated Group, determined in accordance with generally accepted accounting principles, and as stated in the most recent audited combined financial statements of the Obligated Group, plus depreciation expense, amortization expense and interest expense on Long-Term Indebtedness, and before taking into account extraordinary gains or losses and unrealized gains or losses (including those relating to hedging activities) on assets limited as to use.

"Non-Recourse Indebtedness" means Long-Term Indebtedness secured by a mortgage, lien or security interest in Property, the liability for which is limited to the Property subject to such encumbrance, with no other recourse, directly or indirectly, to the general credit of any Member or to any other Property of any Member.

"Obligated Group" means the Corporation, the other Members of the Obligated Group executing the Master Indenture on the date of original execution and delivery of the Master Indenture and any other Person which has fulfilled the requirements for entry into the Obligated Group set forth in the Master Indenture and which has not ceased such status pursuant to the Master Indenture.

"Obligated Group Agent" means the Corporation, acting through its governing board, its chief executive officer, its chief financial officer or its other duly authorized officers acting pursuant to duly delegated authority, or such other Member from time to time designated as the Obligated Group Agent in an Officer's Certificate delivered to the Master Trustee and each Related Bond Trustee.

"Officer's Certificate" means a written certificate, request or other instrument of the Corporation, the Obligated Group Agent, or of another Member, if the context so requires, and if acceptable to the Master Trustee or the Bond Trustee, as applicable.

"Official Statement" means the Official Statement respecting the Bonds.

"Opinion of Bond Counsel" means a written opinion of any legal counsel acceptable to the Master Trustee and the Bond Trustee who is nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

"Opinion of Counsel" means a written opinion of any legal counsel acceptable to the Master Trustee and the Bond Trustee and, without limitation, may include independent legal counsel for the Master Trustee, any Member, any Related Bond Issuer or any Related Bond Trustee.

"Original Purchaser" means UBS Securities LLC, New York, New York, and any other purchasers listed as such in the Purchase Contract.

"Outstanding" means, when used with reference to Bonds, as of a particular date, all Bonds theretofore authenticated and delivered, except:

(a) Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation pursuant to the Bond Indenture;

(b) Bonds which are deemed to have been paid in accordance with the Bond Indenture; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Bond Indenture.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Bond Indenture and all covenants, agreements and other obligations of the Authority to the Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Owners.

"Outstanding" means:

(a) when used with respect to Master Notes, as of the date of determination, all Master Notes theretofore authenticated and delivered under the Master Indenture, except:

(1) Master Notes theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation;

(2) Master Notes for whose payment or redemption money or Escrowed Obligations in the necessary amount are deposited with the Master Trustee or any Paying Agent in trust for the holders of such Master Notes, provided that, if such Master Notes are to be redeemed, notice of such redemption is duly given pursuant to the Master Indenture or provision therefor satisfactory to the Master Trustee is made;

(3) Master Notes issued in connection with the issuance of a series of Related Bonds, to the extent that such Related Bonds are discharged and no longer deemed outstanding under the Related Bond Documents;

(4) Master Notes in exchange for or in lieu of which other Master Notes are authenticated and delivered under the Master Indenture; and

(5) Master Notes alleged to be destroyed, lost or stolen which are paid as provided in the Master Indenture.

(b) when used in connection with Indebtedness other than Master Notes, all such Indebtedness except Indebtedness with respect to which the obligation to make payments is discharged and no longer deemed outstanding in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness.

"Permitted Encumbrances" means, with respect to Property of any Member of the Obligated Group as of any particular time, the following:

(a) the lien and security interest of the Master Indenture in the Trust Estate and any other liens or security interests in Property that equally and ratably secure all of the Master Notes on a parity basis;

(b) liens for taxes, assessments, and other governmental charges not delinquent, or if delinquent are being contested in good faith by appropriate proceedings and as to which the Member shall have set aside on its books adequate reserves with respect thereto;

(c) mechanic's, laborer's, materialman's, supplier's or vendor's liens not filed of record and similar charges not delinquent, or if filed of record are being contested in good faith and have not proceeded to judgment and as to which the Member shall have set aside on its books adequate reserves with respect thereto;

(d) liens in respect of judgments or awards with respect to which the Member is in good faith currently prosecuting an appeal or proceedings for review, and with respect to which the Member shall have secured a stay of execution pending such appeal or proceedings for review, provided the Member shall have set aside on its books adequate reserves with respect thereto;

(e) utility, access and other easements and rights-of-way, restrictions, encumbrances and exceptions that do not materially affect the marketability of title to such Property and do not in the aggregate materially impair the use of such Property for the purposes for which it is held by the Member;

(f) such minor defects and irregularities of title as normally exist with respect to property similar in character to the Property affected thereby and which do not materially affect the marketability of title to or value of such Property and do not materially impair the use of such Property for the purposes for which it is held by the Member;

(g) zoning laws, ordinances or regulations and similar restrictions that are not violated by the Property affected thereby;

(h) statutory rights under Section 291, Title 42 of the United States Code, as a result of what are commonly known as Hill-Burton grants, and similar rights under other federal or state statutes;

(i) statutory liens and rights of setoff granted to banks or other financial institutions with respect to funds on deposit in the ordinary course of business;

(j) all right, title and interest of the state, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;

(k) rights reserved to, or vested in, any municipality or governmental or other public authority by virtue of any franchise, license, contract or statute to control or regulate any Property, or to use such Property in any manner, or to purchase, or designate a purchaser of or order the sale of, any Property upon payment of cash or reasonable compensation therefor, or to terminate any franchise, license or other rights;

(l) liens on moneys deposited by patients or others with a Member as security for or as prepayment of the cost of patient care, liens due to rights of third party payors for recoupment of excess reimbursement paid to any Member, and liens of residents of life care, elderly housing or similar facilities on endowment or similar funds deposited by or on behalf of such residents;

(m) liens arising by reason of (1) good faith deposits with a Member in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), (2) deposits by a Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, (3) deposits as security for the payment of taxes or assessments or other similar charges, and (4) deposits with, or the giving of any form of security to, any municipality or governmental or other public authority 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 Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such arrangements;

(n) restrictions on Property received by a Member through gifts, grants, bequests, contributions or donations imposed by the donor or grantor of such Property and which consist solely of restrictions on the use of such Property or the income therefrom;

(o) liens on and security interests in the proceeds of Indebtedness prior to the application of such proceeds or any debt service fund, reserve fund, escrow fund or similar fund established to secure the payment of Indebtedness;

(p) liens existing on Property at the time of its acquisition by a Member through purchase, lease or otherwise, or liens existing on Property of a Person on the date such Person becomes a Member of the Obligated Group or merges into or consolidates with a Member that were not imposed or incurred in contemplation of such Member joining the Obligated Group or merging into or consolidating with a Member; provided, that no such lien may be increased, extended, renewed, or modified after such date to apply to any Property of any Member not subject to such lien on such date unless such lien as so increased, extended, renewed or modified otherwise qualifies as a Permitted Encumbrance under the Master Indenture;

(q) leases, under which a Member is lessor, that relate to Property of any Member which is of a type that is customarily the subject of such leases including ground leases for medical office buildings, leases of office space for physicians and educational institutions, food service facilities, parking facilities, day care centers, gift shops, barber shops, beauty shops, flower shops, radiology, pathology or other hospital-based specialty services, and pharmacy and similar departments; and any other leases entered into in accordance with the disposition of Property provisions of the Master Indenture;

(r) purchase money mortgages, security interests, and liens securing Purchase Money Indebtedness, placed upon Property in order to obtain the use of such Property or to secure a portion of the purchase price thereof;

(s) liens on Property, Plant and Equipment securing any Indebtedness (including Non-Recourse Indebtedness and Subordinated Indebtedness) if at the time of incurrence of such Indebtedness and after giving effect to all liens classified as Permitted Encumbrances under this subsection, the Book Value or, at the option of the Obligated Group Agent, the Current Value of all Property, Plant and Equipment of the Obligated Group subject to such liens is not more than **10%** of such value of all of the Property, Plant and Equipment of the Obligated Group;

(t) liens on Property securing Commitment Indebtedness issued in support of any Long-Term Indebtedness which are equal in rank and priority with or subordinate to the liens granted to secure the Long-Term Indebtedness;

(u) liens on Property securing Subordinated Indebtedness, provided that a superior lien on the same Property is granted to secure all Master Notes;

(v) liens on Property which are existing at the date of the Master Indenture; provided that no such lien (or the amount of Indebtedness secured thereby) may be increased, extended, renewed or modified to apply to any Property not subject to such lien on such date unless such lien as so increased, extended, renewed or modified otherwise qualifies as a Permitted Encumbrance under the Master Indenture;

(w) liens on unimproved real property and any other lien or encumbrance created or incurred in the ordinary course of business which does not secure, directly or indirectly, the repayment of borrowed money or the payment of installment sales contracts or capital leases and which, individually or in the aggregate, does not materially impair the value or the utility of the Property subject to such lien or encumbrance; and

(x) any other liens on Property expressly permitted by the Master Indenture or approved in writing by the holders of all of the Master Notes.

"Permitted Investments" means, if and to the extent the same are at the time legal for investment of funds held under the Bond Indenture, the following:

(a) The following obligations may be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts:

(Ambac Assurance does not give a premium credit for the investment of accrued and/or capitalized interest).

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation).

(2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(b) The following obligations may be used as Permitted Investments for all purposes other than defeasance investments in refunding escrow accounts:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by Ambac

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than **360** calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than **270** calendar days after the date of purchase.

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P.

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph a(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(7) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

(8) Investment Agreements approved in writing by Ambac Assurance Corporation (supported by appropriate opinions of counsel).

(9) Oother forms of investments (including repurchase agreements) approved in writing by Ambac.

(c) The value of the above investments shall be determined as follows:

(1) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Bond Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets Inc., Bear Stearns, or Lehman Brothers.

(2) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon.

(3) As to any investment not specified above: the value thereof established by prior agreement among the Issuer, Bond Trustee, and Ambac.

"Project" means the facilities of the Corporation described in the Bond Indenture, the costs of which will be paid, or for which the Corporation will be reimbursed or which will be refinanced, in whole or in part, from the proceeds of the sale of the Bonds or from the proceeds of loans refinanced, in whole or in part, from the proceeds of the sale of the Bonds, and which constitute "health facilities", as defined in the Act; provided, however, that the Corporation may make changes and amendments to the Project as provided in the Loan Agreement.

"Projected Debt Service Coverage Ratio" means, for any future period, the ratio determined by dividing (a) a numerator equal to the projected Net Income Available for Debt Service for that period by (b) a denominator equal to the Maximum Annual Debt Service for the Long-Term Indebtedness expected to be Outstanding during such period.

"Property" means with respect to any Member any and all rights, titles and interests of such Member in and to (a) the land described in the Master Indenture, (b) the main hospital building, which is an eight story concrete structure with one subgrade level comprising approximately 711,000 square feet and the fixtures and equipment owned by a Member located therein and any additions and improvements thereto, but excluding attached medical office buildings (the **"Hospital Property"** and together with the land described in the Master Indenture, the "**Real Property**"), and (c) any and all other property, whether real or personal, tangible (including unrestricted cash and investments and cash equivalents) or intangible, wherever situated and whether now owned or hereafter acquired; **provided, however,** that Property of any Member does not include (1) any assets of "employee pension benefit plans" as defined in the Employee Retirement Income Security Act of 1974, as amended, (2) any assets of a self-insurance trust which prohibits any application of such assets for purposes that are not related to claims as defined in the governing trust document, (3) all endowment funds and property derived from gifts, grants, research contracts, bequests, donations and contributions made to or with any Member that are specifically restricted by the donor, testator or grantor to a particular purpose, and the income and gains derived therefrom, (4) the property of any Person that becomes a Member subsequent to the date of the Master Indenture that is designated excluded property at the time such Person becomes a Member, provided that such property may be treated as excluded property only if such property is real or tangible personal property and the primary operations of such Person are not conducted upon such real property, (5) any real property owned or leased by any Member other than the Real Property (and other than real property of a Person who becomes a Member subsequent to the date hereof, unless excluded pursuant to clause (4) above), (6) any existing or future buildings (including parking garages) on any real property owned or leased by any Member other than the Hospital Property, and (7) any other property, which may be established by the Obligated Group Agent in an Officer's Certificate delivered to the Master Trustee, upon which none of the primary operations of the Obligated Group are conducted and which does not constitute a material or integral part of the primary operations of the Obligated Group and accounts for not more than **5%** of Net Income Available for Debt Service.

"Property, Plant and Equipment" means all Property of a Member that is classified as property, plant and equipment as shown on the balance sheet of each Member, determined in accordance with generally accepted accounting principles.

"Purchase Contract" means the Purchase Contract or Purchase Contracts respecting the Bonds among the Authority, the Corporation and the Original Purchaser.

"Purchase Money Indebtedness" means Indebtedness incurred by a Member pursuant to a purchase money contract, conditional sale agreement, installment purchase contract, capitalized lease, or other similar debt or title retention agreement in connection with the acquisition of real or personal property and secured by a purchase money mortgage, security interest or lien with respect to the property acquired by such Member, where the lien of the seller or lender under such agreement is limited to such property.

"Qualified Swap Agreement" means an interest rate exchange, hedge or similar agreement with respect to a series of Related Bonds entered into by a Member and a swap counterparty pursuant to which the Member is obligated to make interest-like payments to or on behalf of another Person and that Person is obligated to make similar interest-like payments to or on behalf of the Member (based on a different rate of, or formula for, interest), with neither party obligated to repay any principal, which agreement (a) may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put cap, floor or collar), and (b) does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof; provided that the long-term credit rating of the swap counterparty (or any guarantor thereof) is in one of the two highest rating categories of any rating service (without regard to any refinements of gradation of any rating category by numerical modifier or otherwise)

then rating such Related Bonds, unless such Related Bonds are secured by a Credit Facility, in which case such Qualified Swap Agreement shall be approved in writing by the provider of such Credit Facility.

"Refunding Indebtedness" means Long-Term Indebtedness issued for the purpose of refunding other Long-Term Indebtedness (including Long-Term Indebtedness commonly referred to as current refunding indebtedness, advance refunding indebtedness or cross-over refunding indebtedness where the proceeds of such Refunding Indebtedness are deposited in an irrevocable escrow or trust account to secure the payment on the applicable payment dates of the interest and principal on such Refunding Indebtedness and/or the Indebtedness being refunded).

"Related Bond Documents" means any indenture, bond resolution or similar instrument pursuant to which any series of Related Bonds is issued and the document or documents (including without limitation any loan agreement, lease financing agreement, installment sales contract or other financing agreement) pursuant to which any proceeds of any Related Bonds are made available to or for the benefit of any Member.

"Related Bond Issuer" means any issuer of a series of Related Bonds.

"Related Bond Trustee" means any trustee under any Related Bond Document and any successor trustee thereunder or, if no trustee is appointed under a Related Bond Document, the Related Bond Issuer.

"Related Bonds" means any revenue bonds or similar obligations issued by any state of the United States or any municipal corporation or other political subdivision formed under the laws thereof or any constituted authority, agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, the proceeds of which are loaned or otherwise made available to any Member in consideration, whether in whole or in part, of the execution, authentication and delivery of a Master Note or Master Notes to such governmental issuer.

"Series 2006A Bonds" means the series of Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006A, Auction Rate Certificates (ARCs$^{(SM)}$), issued pursuant to the Bond Indenture.

"Series 2006B Bonds" means the series of Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006B, Auction Rate Certificates (ARCs$^{(SM)}$), issued pursuant to the Bond Indenture.

"Series 2006 Master Notes" means the Series 2006A Master Note and the Series 2006B Master Note.

"Series 2006A Master Note" means the Master Indenture Note (St. Anthony's Medical Center), Series 2006A issued, authenticated and delivered under the Master Indenture.

"Series 2006B Master Note" means the Master Indenture Note (St. Anthony's Medical Center), Series 2006B issued, authenticated and delivered under the Master Indenture.

"Short-Term Indebtedness" means Indebtedness having an original maturity less than or equal to one year from the date of original incurrence thereof, and not renewable at the option of the debtor for a term greater than one year beyond the date of original incurrence.

"Subordinated Indebtedness" means Indebtedness of a Member that by the terms thereof is specifically junior and subordinate to the Master Notes with respect to payment of principal and interest thereon and that is evidenced by an instrument containing provisions substantially the same as those set forth in the Master Indenture.

"Supplemental Bond Indenture" means any indenture supplemental or amendatory to the Bond Indenture entered into by the Authority and the Bond Trustee pursuant to the Bond Indenture.

"Supplemental Loan Agreement" means any agreement supplemental or amendatory to the Loan Agreement entered into by the Authority and the Corporation pursuant to the Loan Agreement and the Bond Indenture.

"Supplemental Master Indenture" means an indenture amending or supplementing the Master Indenture entered into pursuant to the Master Indenture.

"Supplemental Master Indenture No. 2" means Supplemental Master Trust Indenture No. 2 dated as of June 1, 2006, between the Corporation and the Master Trustee.

"Tax Compliance Agreement" means the Tax Compliance Agreement, among the Authority, the Corporation and the Bond Trustee, as from time to time amended in accordance with the provisions thereof, containing representations and covenants regarding the preservation of the tax-exempt status of the interest on the Bonds, the investment of proceeds of the Bonds, and the calculation and payment of rebate amounts under Section 148(f) of the Internal Revenue Code.

"Tax-Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof which is (a) a "governmental unit" within the meaning of Section 141(b) of the Internal Revenue Code, or (b) an organization described in Section 501(c)(3) of the Internal Revenue Code, which is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, and which is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code, or corresponding provisions of federal income tax laws from time to time in effect.

"Trust Estate" means the property described as the Trust Estate in the Granting Clauses of the Master Indenture that is subject to the lien and security interest of the Master Indenture.

"United States Government Obligations" means the following:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and

(b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations for which the full and timely payment of the principal and interest is unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Bond Trustee.

"Unrestricted Net Assets" means the unrestricted net assets, of the Obligated Group, determined in accordance with generally accepted accounting principles, as shown in the most recent audited combined financial statements of the Obligated Group.

* * *

SUMMARY OF THE MASTER INDENTURE

The following is a summary of certain provisions contained in the Master Indenture, as amended and supplemented. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Master Indenture, as amended and supplemented, for a complete recital of its terms thereof.

Granting of Trust Estate

To declare the terms and conditions upon which Master Notes are to be authenticated, issued and delivered and to secure the payment of the Master Notes and the performance and observance of all the covenants and conditions in the Master Indenture and the Master Notes, and in consideration of the premises and of the purchase and acceptance of Master Notes by the holders thereof, the Corporation, the other Members of the Obligated Group as of the date of original execution and delivery of the Master Indenture, and all other Persons that become Members of the Obligated Group, by these presents grant a security interest in, pledge, assign and transfer in trust to the Master Trustee upon the terms set forth in the Master Indenture for the equal and proportionate benefit and security of all holders of the Master Notes without priority of any Master Note over any other Master Note, the following property (the **"Trust Estate"**):

(a) all Gross Revenues of the Members of the Obligated Group; and

(b) all moneys from payments made to the Master Trustee by Members of the Obligated Group under the Master Indenture, and all other moneys and securities, if any, at any time held by the Master Trustee under the terms of the Master Indenture; and

(c) any and all other real or personal property of every kind and nature from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Master Indenture by the Members of the Obligated Group, or by anyone on their behalf and with their written consent, to the Master Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Master Indenture.

Authorization, Amount and Terms of Master Notes

The Obligated Group Agent may issue Master Notes on behalf of any Member of the Obligated Group, and any Member may issue Master Notes with the consent of the Obligated Group Agent, without further authority or approval from the other Members of the Obligated Group, but subject to the provisions of the Master Indenture and the provisions of any Supplemental Master Indenture authorizing the issuance of Master Notes. No Master Notes may be issued under the Master Indenture except in accordance with the provisions of this Article. The total principal amount of Master Notes, the number of Master Notes and the series of Master Notes that may be issued under the Master Indenture are not limited, except with respect to any series of Master Notes as provided in the Supplemental Master Indenture providing for the issuance thereof, and except as limited by law.

Master Notes may be issued to evidence and secure any type of Indebtedness, including without limitation any Indebtedness issued or incurred as notes, bonds or other form of debt obligation. If any Indebtedness issued under the Master Indenture is not issued directly in the form of a Master Note, a Master Note must be issued hereunder as evidence and security for the payment of such Indebtedness in lieu of directly issuing such Indebtedness as a Master Note.

Master Notes must be issued pursuant to a Supplemental Master Indenture authorized by the governing board of the Obligated Group Agent prior to the issuance of such Master Notes. The Supplemental Master Indenture providing for the issuance of Master Notes will set forth the principal amount of such Master Notes, the date of such Master Notes, the rate or rates, or the method of determining the rate or rates, at which such Master Notes shall bear interest, the date or dates upon which principal of, premium, if any, and interest on such Master Notes are payable, the Member of the Obligated Group designated by the Obligated Group Agent as the primary obligor on such Master Notes, the form of such Master Notes and the conditions precedent to the delivery of such Master Notes and any other terms and provisions of such Master Notes (which terms shall not be inconsistent with the provisions of the Master Indenture). Master Notes may differ as between series in any respect not in conflict with the provisions of the Master Indenture and as prescribed in the Supplemental Master Indenture authorizing such series. Each series of Master Notes must be designated so as to differentiate the Master Notes of such series from the Master Notes of any other series.

Persons Deemed Owners of Master Notes

The Members, the Master Trustee and any agent of the Master Trustee or any Member may treat the Person in whose name any Master Note is registered as the owner of such Master Note for the purpose of receiving payment of principal of (and premium, if any), and interest on such Master Note and for all other purposes whatsoever, except as otherwise provided in this Section, whether or not such Master Note is overdue, and, to the extent permitted by law, neither any Member, the Master Trustee nor any such agent shall be affected by notice to the contrary.

Unless a contrary provision is made in a Related Bond Document, each Related Bond Trustee shall be deemed the holder of the Master Note or Master Notes pledged to secure the Related Bonds with respect to which such Related Bond Trustee is acting as trustee, for purposes of any right of such holder under the Master Indenture to direct or consent to any action or remedy to be undertaken by the Master Trustee pursuant to the provisions of the Master Indenture and any right of such holder under the Master Indenture to consent to the execution of any supplement or amendment to the Master Indenture. If a Related Bond Document so provides or the Supplemental Master Indenture which authorizes the issuance of the Master Notes so provides, then either (a) the owners of each series of Related Bonds shall be deemed the holders of the Master Notes to the extent of the principal amount of the Master Notes to which their Related Bonds relate, or (b) so long as the issuer of any Credit Facility for any Master Note or Related Bonds is not then in default on its obligations under such Credit Facility, the issuer of such Credit Facility shall be deemed the holder of such Master Note or the Master Note pledged as security for such Related Bonds.

Payment of Master Notes

(a) *Payment of Principal, Premium, Interest and Other Amounts.* The Members of the Obligated Group shall duly and punctually pay the principal of, premium, if any, and interest on all Master Notes issued under the Master Indenture, and any other payments required by the terms of such Master Notes, on the dates, at the times and at the places and in the manner provided in such Master Notes, the applicable Supplemental Master Indenture and the Master Indenture, when and as the same become payable, whether at maturity, upon call for redemption, by acceleration of maturity or otherwise.

(b) *Joint and Several Obligations.* The Master Indenture, the Master Notes and the obligations hereunder and thereunder are the joint and several obligations of the Obligated Group and each of the Members of the Obligated Group. Each Member of the Obligated Group is bound by the terms, agreements, restrictions and covenants of the Master Indenture, and is jointly and severally

obligated with respect to all Master Indenture Notes whether such Master Indenture Notes were issued prior to or subsequent to the time such Person became a Member of the Obligated Group.

(c) *Obligations Absolute and Unconditional*. The obligations of the Members of the Obligated Group under the Master Indenture are absolute and unconditional and will remain in full force and effect until the entire indebtedness of all Master Notes is paid or provision is made for such payment, and the Members shall perform such obligations without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment, discrimination or defense or any right of termination or cancellation arising from any circumstances whatsoever, whether now existing or hereafter arising, and regardless of the invalidity of any portion of the Master Indenture, and, to the extent permitted by law, each Member waives the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under the Master Indenture or which releases or purports to release any Member therefrom.

(d) *Primary Liability on Master Notes*. Notwithstanding the provisions of subsections (a) and (b) of this Section, (1) each Member of the Obligated Group, with respect to Indebtedness incurred by or on behalf of such Member or for its direct benefit and secured by a Master Note and for which such Member is designated by the Obligated Group Agent as primary obligor on such Master Note, shall, will be primarily liable to make full and timely payment on such Indebtedness and, if another Member or other Members make payment on behalf of such Member as a result of the joint and several obligations incurred under the Master Indenture, such Member will be obligated to and shall reimburse each such other Member or Members for all amounts paid on behalf of such Member; (2) no Member of the Obligated Group shall be obligated or required to make any payment hereunder from any moneys or assets that are donor restricted or that are subject to a direct or express trust which does not permit the use of such moneys or assets for such a payment or to make any payment hereunder on behalf of another Member that conflicts with, is not permitted by or is subject to recovery for the benefit of other creditors of such Member of the Obligated Group under any applicable fraudulent transfer, fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights; and (3) no Member of the Obligated Group shall be required or permitted to make any transfer or take or suffer or permit to be taken any other action that would cause or result in such Member of the Obligated Group being in violation of any law including, without limitation, the applicable non-profit corporation laws of any state, or that is inconsistent with the charitable purpose of any Member that is a Tax-Exempt Organization.

Security for Master Notes

All Master Notes issued and Outstanding under the Master Indenture are equally and ratably secured by the pledge and assignment of and grant of a security interest in the Trust Estate under the Granting Clauses of the Master Indenture.

Any Master Notes may be secured by additional security (including without limitation liens on Property, security interests in debt service or depreciation reserves or similar funds, or a Credit Facility), so long as any liens created in connection therewith constitute Permitted Encumbrances. Such security need not extend to any other Indebtedness (including any other Master Notes or series of Master Notes) unless required hereunder. The Supplemental Master Indenture pursuant to which any Master Note is issued may provide for such security and permit realization upon such security solely for the benefit of the Master Notes entitled thereto, and as are not inconsistent with the intent hereof; provided that, except as otherwise expressly provided herein, all Master Notes shall be equally and ratably secured by any lien created pursuant to or constituting a part of the Trust Estate under the Master Indenture.

Entrance Into the Obligated Group

Any Person that is not a Member of the Obligated Group may become a Member of the Obligated Group if the following conditions are met:

(a) Such Person shall execute and deliver to the Master Trustee a Supplemental Master Indenture acceptable to the Master Trustee which shall be executed by the Master Trustee and the Obligated Group Agent, and which shall contain (1) the agreement of such Person to become a Member of the Obligated Group and thereby to become subject to compliance with all provisions of the Master Indenture, (2) the unconditional and irrevocable agreement of such Person (subject to the right of such Person to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of the Master Indenture) to jointly and severally make payments upon each Master Note at the times and in the amounts provided in each such Master Note, and (3) representations and warranties by such Person substantially similar to those set forth in the Master Indenture other than those contained in the Master Indenture if such Person is not a Tax-Exempt Organization;

(b) Each of the other Members, by appropriate action of its governing board, approves and consents to the admission of such Person to the Obligated Group;

(c) The Master Trustee receives an Officer's Certificate which demonstrates that, immediately upon such Person becoming a Member of the Obligated Group, (1) the Obligated Group would not, as a result of such transaction, be in default in the performance or observance of any covenant or condition to be performed or observed under the Master Indenture; (2) the Obligated Group could meet the conditions described in the Master Indenture for the incurrence of one dollar of additional Long-Term Indebtedness; and (3) the Unrestricted Net Assets of the Obligated Group will, following the addition of such Person to the Obligated Group, be equal to at least **85%** of the Unrestricted Net Assets of the Obligated Group immediately prior to the addition of such new Member to the Obligated Group;

(d) The Master Trustee receives an Opinion of Counsel to the effect that (1) the conditions contained in the Master Indenture relating to membership in the Obligated Group have been complied with; (2) the Supplemental Master Indenture described in paragraph (a) above has been duly authorized, executed and delivered and constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights or general principles of equity or the exercise of judicial discretion in appropriate cases; (3) the addition of such Person to the Obligated Group will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status; (4) the Person which is to become a Member of the Obligated Group is liable on all Master Notes Outstanding hereunder, as if such Master Notes were originally issued by such Person, subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights or general principles of equity or the exercise of judicial discretion in appropriate cases; and (5) under then existing law such person becoming a Member of the Obligated Group will not subject any Master Notes to the registration provisions of the Securities Act of 1933, as amended (or that such Master Notes have been so registered if registration is required); and

(e) The Master Trustee, each Related Bond Trustee and each Related Bond Issuer receives an Opinion of Bond Counsel to the effect that, if all amounts due or to become due on all Related Bonds

which bear interest that is not includable in gross income under the Internal Revenue Code have not been paid to the owners thereof, under then existing law the consummation of such transaction, would not adversely affect the exclusion of the interest on such Related Bonds from gross income under the Internal Revenue Code.

Withdrawal or Removal From the Obligated Group

Neither the Corporation nor any other Member of the Obligated Group will take any action, corporate or otherwise, which will cause the Corporation or St. Anthony's Medical Center Foundation or any successor thereto into which either is merged or consolidated under the terms of the Master Indenture to cease to be a Member of the Obligated Group. Neither the Corporation nor any other Member of the Obligated Group will take any action, corporate or otherwise, which will cause any other Member or any successor thereto into which it is merged or consolidated under the terms of the Master Indenture to cease to be a Member of the Obligated Group unless the following terms and conditions are satisfied:

(a) Each of the other Members, or Obligated Group Agent acting on behalf of the Obligated Group, by appropriate action of its governing board, approves and consents to the withdrawal or removal of such Person from the Obligated Group;

(b) The Master Trustee receives an Officer's Certificate which demonstrates that, immediately upon such Member withdrawing as a Member of the Obligated Group (1) the Obligated Group would not, as a result of such transaction, be in default in the performance or observance of any covenant or condition to be performed or observed under the Master Indenture; (2) the withdrawing Member either is not a party (for this purpose the Obligated Group Agent shall not be deemed a party to any Related Bond Documents as a result of signing such documents on behalf of the Member for whose benefit the Related Bonds were issued) to or, as a result of such withdrawal, would not be in default under or in violation of, any Related Bond Documents with respect to Related Bonds which remain Outstanding or such Member has assigned its right, title and interest in any such Related Bond Documents to another Member or Members and such Member or Members have assumed all obligations thereunder; and (3) the Obligated Group could meet the conditions described in the Master Indenture for the incurrence of one dollar of additional Long-Term Indebtedness;

(c) The Master Trustee receives an Opinion of Counsel to the effect that (1) the conditions contained in the Master Indenture relating to cessation of membership in the Obligated Group have been complied with, and (2) the cessation by such Member of its status as a Member of the Obligated Group will not adversely affect the status as a Tax-Exempt Organization of any other Member which otherwise has such status; and

(d) The Master Trustee, each Related Bond Trustee and each Related Bond Issuer receives an Opinion of Bond Counsel to the effect that, if all amounts due or to become due on all Related Bonds which bear interest that is not includable in gross income for federal income tax purposes have not been paid to the owners thereof, under then existing law the consummation of such transaction, would not cause the interest on such Related Bonds to become includable in gross income for federal income tax purposes.

Appointment of Obligated Group Agent

Each Member, by its execution hereof and by becoming a Member of the Obligated Group, irrevocably appoints the Obligated Group Agent as its agent and true and lawful attorney in fact and grants to the Obligated Group Agent (1) full and exclusive power to execute Supplemental Master Indentures authorizing amendments or supplements to the Master Indenture, including the issuance of Master Notes and (2) full power to prepare, or authorize the preparation of, the Master Notes and all Related Bond Documents, and any and all other documents, certificates or disclosure materials reasonably and ordinarily prepared in connection with the issuance of Master Notes hereunder, or Related Bonds associated therewith, and to execute and deliver all such items to the appropriate parties in connection therewith.

Covenants as to Legal Existence, Maintenance of Property, and Similar Matters

Each Member of the Obligated Group hereby covenants and agrees as follows:

(a) *Maintenance of Legal Existence.* Except as otherwise expressly provided herein, each Member shall (1) preserve its corporate or other separate legal existence, and (2) be and remain qualified to do business and conduct its affairs in each jurisdiction where its ownership of Property or the conduct of its business or affairs requires such qualification.

(b) *Maintenance and Use of Property.* Each Member shall cause all its Property used or useful in the conduct of its business and operations to be maintained, preserved and kept in good repair, working order and condition and in as safe condition as its operations will permit and make all proper repairs, renewals, replacements and improvements thereof necessary for the efficient, proper and advantageous conduct of its business and operations; provided, however, that nothing herein contained shall be construed (1) to prevent it from discontinuing the operation of any of its Property or from removing or demolishing any building or buildings, if such discontinuance is, in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its governing board), desirable in the conduct of its business and not disadvantageous in any material respects to the holders of the Master Notes, or (2) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of its governing board, useful in the conduct of its business. So long as the Member is in full compliance with the terms and provisions of the Master Indenture, the Member may possess, use and enjoy its Property and appurtenances thereto free of claims of the Master Trustee.

(c) *Compliance with Laws and Regulations.* Each Member shall comply with all valid laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court applicable to any of its affairs, business, operations and Property; provided, however, that nothing contained in the Master Indenture shall require any Member to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof is being contested in good faith by appropriate proceedings; provided that such Member shall have set aside on its books adequate reserves with respect to such contest and such contest shall not materially impair the ability of the Member to meet its obligations under any Related Bond Document.

(d) *Payment of Taxes and Other Charges*. Each Member shall pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Member or its Property or any part thereof or upon any income therefrom,

and also (to the extent that such payment will not be contrary to any applicable laws) all taxes, assessments and other governmental charges lawfully levied, assessed or imposed upon the lien or interest of the Master Trustee or of the noteholders in the Trust Estate, so that (to the extent aforesaid) the lien of the Master Indenture shall at all times be wholly preserved at the cost of the Members and without expense to the Master Trustee or the noteholders; provided, however, that the Member shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof is being contested in good faith by appropriate proceedings and the Member shall have established and shall maintain adequate reserves on its books for the payment of the same.

(e) *Payment of Obligations.* Each Member shall promptly 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, unless the validity, amount or collectability thereof (excluding Master Notes issued and Outstanding hereunder) is being contested in good faith or unless the failure to comply or contest would not materially impair its ability to pay its indebtedness when due nor subject a material amount of the Property of the Member to loss or forfeiture.

(f) *Liens and Encumbrances.* No Member shall create or incur or permit to be created or incurred or to exist any mortgage, lien, security interest, charge or encumbrance upon its Property except Permitted Encumbrances. Each Member shall promptly discharge or terminate all mortgages, liens, security interests, charges and encumbrances on its Property that are not Permitted Encumbrances. Each Member shall at all times comply with all terms, covenants and provisions contained in any Permitted Encumbrances at such time existing upon its Property or any part thereof or securing any of its Indebtedness unless the validity, amount or collectability thereof is being contested in good faith or the failure to comply or contest would not materially impair its ability to pay its Indebtedness when due nor subject a material amount of the Property of the Member to loss or forfeiture.

(g) *Licenses and Permits.* Each Member shall procure and maintain all necessary or desirable licenses and permits and, so long as reasonably deemed by its governing board to be in the best interests of the Obligated Group and the holders of Master Notes, use its best efforts to maintain the status of its applicable business and affairs (other than those not currently having such status or not having such status on the date the Person owning or operating such facilities becomes a Member) as providers of services eligible for payment or reimbursement under those third-party payment programs that its governing board determines are appropriate.

(h) *Maintenance of Tax-Exempt Status.* Each Member that is a Tax-Exempt Organization at the time it becomes a Member, so long as all amounts due or to become due on all Related Bonds have not been fully paid to the holders thereof, shall take no action or suffer any action to be taken by others, including any action which would result in the alteration or loss of its status as a Tax-Exempt Organization, which could result in the interest on any Related Bond, which is otherwise exempt from federal income taxation, becoming subject to such taxation. The foregoing notwithstanding, any Member may (1) cease to be a Tax-Exempt Organization, (2) take actions which could result in the alteration or loss of its status as a Tax-Exempt Organization, or (3) distribute its revenues, income or profits to any of its members, directors or officers or allow the same to inure to the benefit of a private person, association or corporation if prior thereto there is delivered to the Master Trustee, each Related Bond Trustee and each Related Bond Issuer an Opinion of Bond Counsel to the effect that such actions would not adversely affect the exemption from federal income taxation of interest payable on any Related Bond otherwise entitled to such

exemption or adversely affect the enforceability in accordance with its terms of the Master Indenture against any Member; and any Member may, subject to the other provisions hereof, pay to any Person or corporation the value of any service or product performed for or supplied to such Member by such Person and each Member may make such other transfers or payments as may be permitted by law.

Insurance

Each Member shall maintain insurance, which may include one or more self-insurance or other risk management programs, with respect to its Property and operations covering such risks that are of an insurable nature and of the character customarily insured against by health care organizations operating similar properties and engaged in similar operations (including but not limited to property and casualty, business interruption, worker's compensation, general and professional liability and employee dishonesty) and in such amounts as, in its judgment, are adequate to protect the Member and its Property and operations.

Sale or Other Disposition of Property

Each Member of the Obligated Group covenants and agrees that it will not in any Fiscal Year sell, lease, transfer or otherwise dispose of Property, except for transfers of Property as follows:

(a) Each Member may freely transfer Property to any other Member, directly or indirectly, such that title to the Property transferred is in the name of such other Member after such transfer.

(b) Each Member may transfer Property to any Person in the ordinary course of business.

(c) Each Member may transfer Property to any Person for fair and adequate consideration on terms no less favorable to the Member than would be obtained in a comparable arm's-length transaction.

(d) Each Member may transfer Property to any Person if, in the reasonable judgment of the Member, such Property has, or within the next succeeding **24** calendar months is reasonably expected to, become inadequate, obsolete or worn out, or otherwise unsuitable, unprofitable, undesirable or unnecessary for the operation of the Member's primary business.

(e) Each Member may transfer Property to any Person, if such Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on Long-Term Indebtedness of a Member.

(f) Each Member may transfer Property to any Person if the Property to be transferred is not essential to the Member's primary business operations, and the proceeds of such transfer are used to acquire additional facilities, to repay the principal of Long-Term Indebtedness of any Member, or otherwise used in a productive manner to the benefit of the Member's business operations.

(g) Each Member may transfer Property in connection with a merger, consolidation, sale or conveyance permitted by the Master Indenture.

(h) Each Member may transfer Property as a loan to any Person provided that (1) such loan is evidenced in writing, (2) such loan bears interest at a reasonable interest rate, and (3) the Master Trustee receives an Officer's Certificate stating that such loan would not result in a reduction of

the level of unrestricted cash and liquid investments of the Obligated Group below **60** days' operating expenses.

(i) Each Member may transfer Property to any Person or Persons in an aggregate amount which, together with all other Property transferred by Members in such Fiscal Year, does not exceed **10%** of the total value of the Property of the Obligated Group (calculated on the basis of the Book Value or, if the Obligated Group Agent so elects, on the basis of Current Value).

Consolidation, Merger, Conveyance or Transfer

Each Member shall not consolidate with or merge into any other Person who is not a Member or convey or transfer its Property substantially as an entirety to any Person who is not a Member, unless the following conditions are met:

(a) such merger, consolidation, conveyance or transfer shall be on such terms as shall fully preserve the lien and security of the Master Indenture and the rights and powers of the Master Trustee and the holders of the Master Notes under the Master Indenture;

(b) the Person formed by such consolidation or into which the Member is merged or the Person which acquires by conveyance or transfer the Member's Property substantially as an entirety shall be a corporation or other legal entity organized and existing under the laws of the United States of America or any state thereof and shall execute and deliver to the Master Trustee a written instrument containing an assumption by such successor corporation of the due and punctual payment of the principal of (and premium, if any) and interest on all the Master Notes and the performance and observance of every covenant and condition of the Master Indenture to be performed or observed by the Member;

(c) if such merger or consolidation is with another Person that is not a Member, all of the conditions for the addition of a new Member to the Obligated Group as set forth in the Master Indenture shall be satisfied as if the resulting or surviving entity were a new Member being proposed for addition to the Obligated Group;

(d) the Master Trustee shall have received an Officer's Certificate to the effect that immediately after giving effect to such transaction, (1) no event of default hereunder shall have occurred and be continuing; and (2) the Obligated Group could meet the conditions described in the Master Indenture for the incurrence of one dollar of additional Long-Term Indebtedness;

(e) the Master Trustee receives an Opinion of Counsel to the effect that (1) such consolidation, merger, conveyance or transfer and any related Supplemental Master Indenture comply with this Section and that all conditions precedent in the Master Indenture provided for relating to such transaction have been complied with and that it is proper for the Master Trustee under the provisions of the Master Indenture and of this Section to join in the execution of any instrument required to be executed and delivered by this Section; (2) such merger, consolidation, sale or conveyance will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status; (3) the Person which is the surviving entity meets the conditions contained in the Master Indenture relating to membership in the Obligated Group and is liable on all Master Notes Outstanding hereunder, as if such Master Notes were originally issued by such Person, subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights or general principles of equity or the exercise of

judicial discretion in appropriate cases; and (4) under then existing law such merger, consolidation, sale or conveyance will not subject any Master Notes to the registration provisions of the Securities Act of 1933, as amended (or that such Master Notes have been so registered if registration is required); and

(f) the Master Trustee, each Related Bond Trustee and each Related Bond Issuer receives an Opinion of Bond Counsel to the effect that, if all amounts due or to become due on any Related Bonds that bear interest that is not includable in gross income for federal income tax purposes have not been fully paid to the owners thereof, under then existing law the consummation of such merger, consolidation, sale or conveyance would not adversely affect the exclusion of the interest payable on such Related Bonds from gross income for federal income tax purposes.

Rate Covenant

Each Member of the Obligated Group covenants and agrees to operate its facilities on a revenue producing basis and to charge such rates, fees and charges for its facilities and services and to exercise such skill and diligence as to provide income from its facilities together with other available funds sufficient for the Obligated Group to maintain the Historical Debt Service Coverage Ratio at not less than **1.10** in each Fiscal Year.

If the Historical Debt Service Coverage Ratio, as calculated at the end of any Fiscal Year, is less than **1.10**, the Obligated Group Agent shall retain a Consultant to make recommendations with respect to the rates, fees and charges of the Members and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Historical Debt Service Coverage Ratio for subsequent Fiscal Years to at least **1.10**, or to the highest practicable level if (a) such report contains an opinion of such Consultant that federal, state or other applicable governmental laws or regulations placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Members for the use of their facilities or the services furnished by the Members have prevented the Obligated Group from generating Net Income Available for Debt Service during such Fiscal Year in an amount sufficient to cause the Historical Debt Service Coverage Ratio to equal or exceed **1.10** and such report is accompanied by a concurring Opinion of Counsel as to any conclusions of law supporting the opinion of such Consultant; and (b) the report of such Consultant indicates that the rates charged by the Obligated Group are such that, in the opinion of the Consultant, the Obligated Group has generated the maximum amount of Net Income Available for Debt Service reasonably practicable given such laws or regulations. The Obligated Group shall not be required to cause the Consultant's report referred to in the preceding sentence to be prepared more frequently than once every **2** Fiscal Years if at the end of the first of such **2** Fiscal Years the Obligated Group Agent provides to the Master Trustee an Opinion of Counsel to the effect that applicable laws or regulations underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way. So long as the Obligated Group retains a Consultant and each Member of the Obligated Group follows such Consultant's recommendations to the extent feasible and permitted by law, this section shall be deemed to be complied with even if either or both such ratios for any subsequent Fiscal Year is below the level required, and the Historical Debt Service Coverage Ratio for such Fiscal Year is at least **1.00**.

Financial Statements and Other Information

The Members shall keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the properties, business and affairs of the Obligated Group in accordance with generally accepted accounting principles. The Obligated Group Agent shall furnish to the Master Trustee, the following:

(a) *Quarterly Financial Statements.* As soon as practicable after they are available but in no event more than **60** days after the end of each quarterly fiscal period of each Fiscal Year, the audited consolidated financial statements of the Obligated Group for such period, including a consolidated statement of revenues and expenses of the Obligated Group during such period, and a consolidated balance sheet as of the end of such period, all in reasonable detail and certified, subject to year-end adjustment, by the chief financial officer or other authorized financial officer of the Obligated Group Agent.

(b) *Annual Financial Statements.* As soon as practicable after they are available but in no event more than **150** days after the last day of each Fiscal Year, the audit report and audited consolidated financial statements of the Obligated Group for such Fiscal Year certified by the Obligated Group's independent certified public accountants.

(c) *Officer's Compliance Certificate.* At the time of delivery of the audit report and financial statements referred to in subsection (b) above, an Officer's Certificate (1) stating that the Obligated Group Agent has obtained no knowledge of any default by any Member during such Fiscal Year in the fulfillment of any of the covenants, provisions or conditions of the Master Indenture, or if the Obligated Group Agent has obtained knowledge of any such default or defaults, disclosing the default or defaults and the nature and status thereof, and (2) stating the Obligated Group's Historical Debt Service Coverage Ratio calculated on the basis of said audited financial statements.

Consolidated financial statements of the Obligated Group as referred to in the Master Indenture shall be prepared in accordance with generally accepted accounting principles and shall include financial data of all Members of the Obligated Group and may include financial data pertaining to such other Persons, as the Obligated Group Agent may determine, that are not Members of the Obligated Group but are permitted or required to be included in such consolidated financial statements under generally accepted accounting principles; provided that the Obligated Group Agent, by permitting each use of such consolidated financial statements that include financial data of Persons that are not Members of the Obligated Group, thereby represents that for the period reported in such statements the inclusion therein of financial data pertaining to Persons which are not Members of the Obligated Group does not materially affect the content thereof from that which represents the financial performance, financial condition or results of only the Members of the Obligated Group for such period. The financial data pertaining to Persons that are not Members of the Obligated Group shall be deemed not to materially affect the content of the consolidated financial statements if for or as of the end of the subject period the total revenues and the total assets of such Persons, in the aggregate, do not exceed **10%** of the total consolidated revenues and total consolidated assets for or as of the end of the subject period as reflected in such consolidated financial statements.

Permitted Indebtedness

So long as any Master Notes are Outstanding, the Members of the Obligated Group agree that the Members of the Obligated Group will not incur any Indebtedness (whether or not incurred or evidenced through the issuance of Master Notes under the Master Indenture) other than the following Indebtedness:

(a) *Long-Term Indebtedness.* A Member may incur Long-Term Indebtedness if prior to incurrence thereof or, if such Long-Term Indebtedness was incurred in accordance with another subsection of this Section and the Obligated Group Agent wishes to have such Indebtedness reclassified as having been issued under this subsection (a), prior to such reclassification, there is delivered to the Master Trustee:

(1) *Historical Pro Forma Debt Service Coverage Test:* An Officer's Certificate demonstrating that the Historical Pro Forma Debt Service Coverage Ratio, after giving effect to the incurrence of such proposed Indebtedness, for the most recent Fiscal Year for which audited consolidated financial statements are available was not less than **1.25**; or

(2) *Historical and Projected Debt Service Coverage Test:* (A) An Officer's Certificate demonstrating that the Historical Debt Service Coverage Ratio for the most recent Fiscal Year for which audited consolidated financial statements are available was not less than **1.15**; and (B) a written report of a Consultant to the effect that the Projected Debt Service Coverage Ratio for each of the next **2** succeeding Fiscal Years or, if such Indebtedness is being incurred in connection with the financing of facilities, the **2** Fiscal Years succeeding the projected completion date of such facilities, is not less than **1.35**, provided that such report shall include forecast balance sheets, statements of revenues and expenses and statements of cash flow for each of such **2** Fiscal Years and a statement of the relevant assumptions upon which such forecasted statements are based; or

(3) *Projected Debt Service Coverage Test:* A written report of a Consultant to the effect that the Projected Debt Service Coverage Ratio for each of the next **2** succeeding Fiscal Years, or if such Indebtedness is being incurred in connection with the financing of facilities, the **2** Fiscal Years succeeding the projected completion date of such facilities, is not less than **1.50**; provided that such report shall include forecasted balance sheets, statements of revenues and expenses and statements of cash flow for each of such **2** Fiscal Years and a statement of the relevant assumptions upon which such forecasted statements are based; or

(4) *Capitalization Ratio Test:* An Officer's Certificate demonstrating that (A) the Historical Debt Service Coverage Ratio for the most recent Fiscal Year for which audited consolidated financial statements are available was not less than **1.10**; and (B) after giving effect to the incurrence of such Long-Term Indebtedness, the Capitalization Ratio does not exceed **0.50**.

The requirements of the foregoing subsections (1), (2) or (3), as the case may be, shall be deemed satisfied if (x) there is delivered to the Master Trustee the written report of a Consultant which contains an opinion of such Consultant that federal, state or other applicable governmental laws or regulations placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Members for the use of their facilities or the services furnished by the Members have prevented or will prevent the Obligated Group from generating the amount of Net Income Available for Debt Service required to be generated by subsections (1), (2) or (3), as the case may be, as a prerequisite to the issuance of Long-Term Indebtedness, and such report is accompanied by a concurring Opinion of Counsel as to any conclusions of law supporting the opinion of such Consultant, (y) the report of the Consultant indicates that the rates charged or to be charged by the Obligated Group are or will be such that, in the opinion of such Consultant, the Obligated Group has generated or will generate the maximum amount of Net Income Available for Debt Service reasonably practicable given such laws or regulations, and (z) the applicable debt service coverage ratio referred to in the applicable subsection are reduced to the highest practicable ratio then permitted by such laws or regulations, but in no event less than **1.00**.

(b) *Commitment Indebtedness.* A Member may incur Commitment Indebtedness without limit, if the Indebtedness supported by such Commitment Indebtedness was incurred in accordance with one of the provisions of this Section.

(c) *Completion Indebtedness.* A Member may incur Completion Indebtedness in a principal amount not in excess of the amount required to provide completed and equipped facilities of substantially the same type and scope contemplated at the time such prior Long-Term Indebtedness was originally incurred, to provide for capitalized interest during the period of construction, to provide any reserve fund relating to such Completion Indebtedness and to pay the costs and expenses of issuing or incurring such Completion Indebtedness, if prior to the incurrence thereof there is delivered to the Master Trustee an Officer's Certificate stating: (1) that at the time the original Long-Term Indebtedness for the facilities to be completed was incurred, the Obligated Group Agent had reason to believe that the proceeds of such Indebtedness together with other moneys then expected to be available would provide sufficient moneys for the completion of such facilities; (2) the amount estimated to be needed to so complete the facilities; and (3) that the proceeds of such Completion Indebtedness to be applied to the completion of the facilities, together with a reasonable estimate of investment income to be earned on such proceeds and available to pay such costs, the amount of moneys, if any, committed to such completion from available cash or marketable securities and reasonably estimated earnings thereon, enumerated bank loans (including letters or lines of credit) and any other moneys reasonably expected to be available, will be in an amount not less than the estimated amount needed to complete the facilities set forth in such Officer's Certificate.

(d) *Guaranties.* A Member may execute a Guaranty, if the conditions for the incurrence of Indebtedness set forth in this Section are satisfied where it is assumed that the obligation guaranteed by a Member is Indebtedness of such Member, and any calculation required by the applicable subsection of this Section is made in accordance with the requirements and assumptions contained in the Master Indenture.

(e) *Non-Recourse Indebtedness.* A Member may incur Non-Recourse Indebtedness, without limit as to principal amount.

(f) *Purchase Money Indebtedness.* A Member may incur Purchase Money Indebtedness, without limit as to principal amount.

(g) *Refunding Indebtedness.* A Member may incur Refunding Indebtedness for the purpose of refunding (whether in advance of maturity or otherwise) any Outstanding Long-Term Indebtedness, if the Obligated Group Agent determines that such refunding is in the best interest of the Obligated Group and that, taking into account the issuance of the proposed Refunding Indebtedness and the application of the proceeds thereof and any other funds available to be applied to such refunding, the Maximum Annual Debt Service of the Obligated Group will not be increased by more than **10%**.

(h) *Subordinated Indebtedness.* A Member may incur Subordinated Indebtedness, without limit as to principal amount, provided such Indebtedness is evidenced by an instrument , or issued under an indenture or other document, containing provisions for the subordination of such Indebtedness substantially as follows (the term "debentures" being, for convenience, used in the provisions set forth below to designate the instruments issued to evidence Subordinated Indebtedness and the

term "this indenture" to designate the instrument, indenture or other document containing such provisions):

All debentures issued under this indenture shall be issued subject to the following provisions and each person taking or holding any such debenture whether upon original issue or upon transfer or assignment thereof accepts and agrees to be bound by such provisions.

All debentures issued hereunder and any coupons thereto appertaining shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right to the prior payment in full of Superior Indebtedness as defined in this Section. For all purposes of this Section, the term "Superior Indebtedness" shall mean all Master Notes now or hereafter issued and secured under that certain Master Trust Indenture dated as of December 1, 2005 (the "Master Indenture"), among St. Anthony's Medical Center, the other Members of the Obligated Group (as therein defined) and Commerce Bank, N.A., as trustee (the "Master Trustee"), as supplemented and modified to the date hereof, or as the same may hereafter from time to time be further supplemented and modified.

No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, unless full payment of amounts then due and payable for principal, premium, if any, sinking funds and interest on Superior Indebtedness is made or duly provided for in accordance with the terms of such Superior Indebtedness. No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, premium, if any, sinking funds or interest with respect to any Superior Indebtedness, or (ii) there shall have occurred any other event of default with respect to any Superior Indebtedness, as defined therein or in the instrument under which the same is outstanding, permitting the holders thereof to accelerate the maturity thereof and such event of default is not cured or waived or shall not have ceased to exist.

Upon any acceleration of maturity of the principal amount due on the debentures or any payment or distribution of any kind or character, whether in cash, property or securities, upon any dissolution or winding-up or total or partial liquidation, reorganization or arrangement of any Member (as defined in the Master Indenture), whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest due or to become due upon all Superior Indebtedness shall first be paid in full, or payment thereof provided for in accordance with the terms of such Superior Indebtedness, before any payment is made on account of the principal, premium, if any, or interest on the indebtedness evidenced by the debentures, and upon any such dissolution or winding-up or liquidation, reorganization or arrangement, any payment or distribution of any kind or character, whether in cash, property or securities, to which the holders of the debentures or the trustee under this indenture would be entitled, except for the provisions hereof, shall be paid by the Members, or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, to the Master Trustee to the extent necessary to pay all Superior Indebtedness in full, before any payment or distribution is made to the holders of the indebtedness evidenced by the debentures or to the trustee under this indenture.

(i) *Swap Agreements*. In connection with the issuance of a series of Related Bonds or at any time thereafter so long as a series of Related Bonds Outstanding, a Member may enter into a Qualified

Swap Agreement providing for certain payments by the Member and a swap counterparty, which payments are calculated by reference to fixed or variable rates and constituting a financial accommodation between the Member and such counterparty if the Member determines that any such agreement: (i) will assist the Member in more effectively managing its interest costs or cash flow, and (ii) will not result in a downward revision or withdrawal of any rating on any series of Related Bonds by a nationally recognized rating service.

Indebtedness may be classified and incurred under any of the above-referenced subsections with respect to which the tests set forth in such subsections are met. Each Member may elect to have Indebtedness that was classified and issued pursuant to one provision of this Section, reclassified as having been incurred under another provision of this Section, by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

Each Member of the Obligated Group shall, prior to, or as soon as reasonably practicable after, the incurrence of any Indebtedness by such Member, deliver to the Master Trustee an Officer's Certificate which identifies the Indebtedness incurred, identifies the subsection of this Section pursuant to which such Indebtedness was incurred, demonstrates compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness.

Events of Default

The term **"event of default,"** wherever used in the Master Indenture, means any one of the following events (whatever the reason for such event and whether it is voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Master Note when such interest becomes due and payable and continuance of such default for a period of **10** days; or

(b) default in the payment of the principal of (or premium, if any, on) any Master Note when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise) and continuance of such default for a period of **10** days; or

(c) default in the performance, or breach, of any covenant or agreement of any Member in the Master Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of **60** days after there has been given to such Member and the Obligated Group Agent by the Master Trustee or to such Member, the Obligated Group Agent and the Master Trustee by the holders of at least **25%** in principal amount of the Master Notes Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Member shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(d) any representation or warranty made by any Member in the Master Indenture or in any written statement or certificate furnished to the Master Trustee or the purchaser of any Master Note in connection with the sale of any Master Note or Related Bonds or furnished by any Member pursuant to the Master Indenture proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within **60** days after there has been given to such Member and the Obligated Group Agent by the Master Trustee or to such Member, the Obligated Group Agent and the Master Trustee by the holders of at least **25%** in principal amount of the Master Notes Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Member shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(e) default in the payment of the principal of, premium, if any, or interest on any Indebtedness other than a Master Note when the same becomes due and payable, and any applicable grace period shall have expired, or an event of default as defined in any mortgage, indenture or other instrument under or pursuant to which there was issued or incurred, or by which there is secured, any such Indebtedness; provided, however, that such default shall not constitute an event of default if payment of such Indebtedness has not been accelerated under the terms of payment of such Indebtedness or if within **60** days, or within the time allowed for service of a responsive pleading in any proceeding to enforce payment of the Indebtedness, any Member of the Obligated Group in good faith commences proceedings to contest the obligation to pay or the existence or payment of such Indebtedness; and provided, further however, a default in payment thereunder shall not constitute an event of default unless the unpaid principal amount of such Indebtedness, together with the unpaid principal amount of all other Indebtedness so in default, exceeds **5%** of the Unrestricted Net Assets of the Obligated Group as shown on or derived from the most recent audited consolidated financial statements of the Obligated Group; or

(f) any judgment which is final, writ or warrant of attachment or any similar process shall be entered or filed against any Member or against any Property of any Member and remains unvacated, unpaid, unbonded, unstayed or uncontested in good faith for a period of **60** days; provided, however, that none of the foregoing shall constitute an event of default unless the amount of such judgment, writ, warrant of attachment or similar process, together with the amount of all other such judgments, writs, warrants or similar processes so unvacated, unpaid, unbonded, unstayed or uncontested, exceeds **5%** of the Unrestricted Net Assets of the Obligated Group as shown on or derived from the most recent audited consolidated financial statements of the Obligated Group; or

(g) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of any Member, or adjudging the Member a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of any Member under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of or for any Member or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of **90** consecutive days; or

(h) the commencement by any Member of a voluntary case, or the institution by it of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or

insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement or relief under the United States Bankruptcy Code or any other applicable federal or state law, or the consent or acquiescence by it to the filing of any such petition or the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of any Member or any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability or its failure to pay its debts generally as they become due, or the taking of corporate action by any Member in furtherance of any such action.

Acceleration of Maturity; Rescission and Annulment

If an event of default occurs and is continuing, then and in every such case the Master Trustee may, and if requested by the holders of not less than **25%** in principal amount of the Master Notes Outstanding shall, by written notice to the Obligated Group Agent, declare the principal of all the Master Notes and the interest accrued thereon to be due and payable immediately, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Master Notes has been obtained by the Master Trustee as hereinafter in this Article provided, the holders of a majority in principal amount of the Master Notes Outstanding may, by written notice to the Obligated Group Agent and the Master Trustee, rescind and annul such declaration and its consequences as provided in the Master Indenture.

Exercise of Remedies by the Master Trustee

Upon the occurrence and continuance of any event of default under the Master Indenture, unless the same is waived as provided in the Master Indenture, the Master Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Master Indenture or by law:

(a) *Right to Bring Suit, Etc.* The Master Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Master Notes Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Master Indenture, to realize on or to foreclose any of its interests or liens under the Master Indenture, to enforce and compel the performance of the duties and obligations of the Members of the Obligated Group as set forth in the Master Indenture and to enforce or preserve any other rights or interests of the Master Trustee under the Master Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) *Exercise of Remedies at Direction of Noteholders.* If requested in writing to do so by the holders of not less than **25%** in principal amount of Master Notes Outstanding and if indemnified as provided in the Master Indenture, the Master Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Master Trustee shall deem most expedient in the interests of the holders of the Master Notes.

(c) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Master Trustee and of the noteholders under the Master Indenture, the Master Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers

of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) *Suits to Protect the Trust Estate.* The Master Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Master Indenture and to protect its interests and the interests of the noteholders in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the noteholders or the Master Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the noteholders in any judicial proceeding to which any Member is a party and which in the judgment of the Master Trustee has a substantial bearing on the interests of the noteholders.

Limitation on Suits by Noteholders

No holder of any Master Note shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Master Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless

(a) such holder has previously given written notice to the Master Trustee of a continuing event of default;

(b) the holders of not less than **25%** in principal amount of the Master Notes Outstanding shall have made written request to the Master Trustee to institute proceedings in respect of such event of default in its own name as Master Trustee hereunder;

(c) such holder or holders have offered to the Master Trustee indemnity as provided in the Master Indenture against the fees, costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Master Trustee for **60** days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Master Trustee during such **60**-day period by the holders of a majority in principal amount of the Outstanding Master Notes;

it being understood and intended that no one or more holders of Master Notes shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Master Indenture to affect, disturb or prejudice the lien of the Master Indenture or the rights of any other holders of Master Notes, or to obtain or to seek to obtain priority or preference over any other holders or to enforce any right under the Master Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Master Notes.

Notwithstanding the foregoing or any other provision in the Master Indenture, however, the holder of any Master Note shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Master Note on the respective stated maturities expressed in such Master Note

(or, in the case of redemption, on the redemption date) and nothing contained in the Master Indenture shall affect or impair the right of any holder to institute suit for the enforcement of any such payment.

Control of Proceedings by Noteholders

The holders of a majority in principal amount of the Master Notes Outstanding shall have the right, during the continuance of an event of default,

(a) to require the Master Trustee to proceed to enforce the Master Indenture, either by judicial proceedings for the enforcement of the payment of the Master Notes and the foreclosure of the Master Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee under the Master Indenture, provided that

(1) such direction shall not be in conflict with any rule of law or the Master Indenture,

(2) the Master Trustee may take any other action deemed proper by the Master Trustee which is not inconsistent with such direction, and

(3) the Master Trustee shall not determine that the action so directed would be unjustly prejudicial to the holders not taking part in such direction.

Application of Moneys Collected

Any moneys collected by the Master Trustee pursuant to this Article (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Master Trustee under the Master Indenture, shall be applied in the following order, at the date or dates fixed by the Master Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Master Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all undeducted amounts due the Master Trustee under the Master Indenture;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Master Notes for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Master Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Master Notes) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Master Notes, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(c) **Third:** To the payment of the remainder, if any, to the Obligated Group Agent or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Corporate Trustee Required; Eligibility

There shall at all times be a Master Trustee under the Master Indenture which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority. The Master Trustee must have a consolidated capital and surplus of at least **$100,000,000**, or must provide a guaranty of the full and prompt performance by the Master Trustee of its obligations under the Master Indenture and any other agreements made in connection with the Master Notes by a guarantor with such consolidated capital and surplus or consolidated net worth. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Master Trustee ceases to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Resignation and Removal of Master Trustee

The Master Trustee may resign or may be removed as follows:

(a) The Master Trustee may resign at any time by giving written notice thereof to the Obligated Group Agent and to each holder of Master Notes Outstanding as shown by the list of noteholders required by the Master Indenture to be kept at the office of the Master Trustee. If an instrument of acceptance by a successor Master Trustee is not delivered to the Master Trustee within **30** days after the giving of such notice of resignation, the resigning Master Trustee may petition any court of competent jurisdiction for the appointment of a successor Master Trustee.

(b) The Master Trustee may be removed at any time by an instrument or concurrent instruments in writing signed by the holders of a majority in principal amount of the Outstanding Master Notes, delivered to the Master Trustee and to the Obligated Group Agent.

(c) The Master Trustee may be removed at any time (so long as no event of default has occurred and is continuing under the Master Indenture) by an instrument in writing signed by the Obligated Group Agent and delivered to the Master Trustee. The foregoing notwithstanding, the Master Trustee may not be removed by the Obligated Group Agent unless written notice of the delivery of such instrument is given by the Obligated Group Agent to the holders of all Master Notes Outstanding under the Master Indenture, which notice indicates the Master Trustee will be removed and replaced by the successor trustee named in such notice, such removal and replacement to become effective not less than **60** days from the date of such notice, unless the holders of not less than **25%** in aggregate principal amount of such Master Notes Outstanding shall object in writing to such removal and replacement.

(d) If at any time:

(1) the Master Trustee shall cease to be eligible under the Master Indenture and shall fail to resign after written request therefor by the Obligated Group Agent or by any such noteholder, or

(2) the Master Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Master Trustee or of its property shall be appointed or any

public officer shall take charge or control of the Master Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Obligated Group Agent may remove the Master Trustee, or (B) the Obligated Group Agent or any noteholder may petition any court of competent jurisdiction for the removal of the Master Trustee and the appointment of a successor Master Trustee.

No resignation or removal of the Master Trustee and no appointment of a successor Master Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Master Trustee under the Master Indenture.

Appointment of Successor Master Trustee

If the Master Trustee resigns, is removed or becomes incapable of acting, or if a vacancy occurs in the office of Master Trustee for any cause, the Obligated Group Agent (so long as the Obligated Group is not in default under the Master Indenture), or the holders of a majority in principal amount of Master Notes Outstanding (if the Obligated Group is in default under the Master Indenture), by an instrument or concurrent instruments in writing delivered to the Obligated Group Agent and the retiring Master Trustee, shall promptly appoint a successor Master Trustee. If, within **30** days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Master Trustee is appointed in the manner herein provided, the successor Master Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Master Trustee and supersede the successor Master Trustee appointed by the Company or by such receiver or trustee. If no successor Master Trustee is so appointed and accepted appointment in the manner provided in the Master Indenture, any noteholder may petition any court of competent jurisdiction for the appointment of a successor Master Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court will immediately and without further act be superseded by any successor appointed as above provided. Every such successor Master Trustee appointed pursuant to the provisions of this Section must be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

Supplemental Master Indentures without Consent of Noteholders

Without the consent of the holders of any Master Notes, the Obligated Group Agent (on behalf of the Members) and the Master Trustee may from time to time enter into one or more Supplemental Master Indentures for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the lien of the Master Indenture, or better to assure, convey and confirm unto the Master Trustee any property subject or required to be subjected to the lien of the Master Indenture, or to subject to the lien of the Master Indenture additional property; or

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Master Notes, as set forth in the Master Indenture, additional conditions, limitations and restrictions thereafter to be observed; or

(c) to authorize the issuance of Master Notes and make such other provisions as provided in the Master Indenture; or

(d) to modify or eliminate any of the terms of the Master Indenture; provided, however, that

(1) such Supplemental Master Indenture shall expressly provide that any such modifications or eliminations shall become effective only when there is no Master Note Outstanding created prior to the execution of such Supplemental Master Indenture; and

(2) the Master Trustee may, in its discretion, decline to enter into any such Supplemental Master Indenture which, in its opinion, may not afford adequate protection to the Master Trustee when the same becomes operative; or

(e) to evidence the succession of another corporation to a Member and the assumption by any such successor of the covenants of the Member under the Master Indenture and in the Master Notes contained; or

(f) to add to the covenants of the Members or to the rights, powers and remedies of the Master Trustee for the benefit of the holders of all or any series of Master Notes or to surrender any right or power conferred upon the Members under the Master Indenture; or

(g) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or to make any other provisions, with respect to matters or questions arising under the Master Indenture, which shall not be inconsistent with the provisions of the Master Indenture, provided such action shall not adversely affect the interests of the holders of the Master Notes; or

(h) to modify, eliminate or add to the provisions of the Master Indenture to such extent as shall be necessary to effect the qualification of the Master Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, or to permit the qualification of any Master Notes for sale under the securities laws of the United States or any state of the United States; or

(i) to effect the addition of a Member to or withdrawal of a Member from the Obligated Group in compliance with the Master Indenture; or

(j) to make any change which, in the judgment of the Master Trustee, does not materially adversely affect the holders of any of the Master Notes and, in the opinion of each Related Bond Trustee, does not materially adversely affect the owners of the Related Bonds with respect to which it acts as trustee, including without limitation any modification, amendment or supplement to the Master Indenture or any Supplemental Indenture in such a manner as to establish or maintain the exclusion of interest on any Related Bonds under a Related Bond Document from federal gross income under applicable provisions of the Internal Revenue Code; or

(k) to modify, amend, change or remove any covenant, agreement, term or provision of the Master Indenture, including amending and restating the Master Indenture in its entirety (except a modification of the type prohibited in the Master Indenture without the consent of the holder of each Outstanding Master Note affected thereby) under a new master trust indenture (the **"New Master Indenture"**) executed by the Corporation and any other Members or Persons that are obligated thereunder (the **"New Credit Group"**) and the Master Trustee or other independent corporate trustee (the **"New Master Trustee"**) meeting the eligibility requirements of the Master Indenture (such modification, amendment, change or removal, including any such transaction that

includes a new Master Trust Indenture, is referred to collectively herein as the **"New Master Debt Transaction"**), subject to the following requirements and conditions:

(1) The modifications, amendments, changes and removals permitted by this Section may include, but are not limited to, those necessary or appropriate to implement the New Master Debt Transaction and to effect (A) the inclusion of the Corporation or other Members or Persons in the New Credit Group, (B) the issuance of new or replacement note or notes or similar obligations (the **"Replacement Master Notes"**) of the New Credit Group under the New Master Indenture to secure any Indebtedness or Related Bonds, which Replacement Master Note or Master Notes would constitute obligations of the New Credit Group under the New Master Indenture, (C) the release or discharge of any collateral securing any Master Notes or Related Bonds, including, but not limited to, any mortgage, any equipment lien, any pledge of revenues and receivables, or any debt service reserve fund, in consideration for the issuance of a Replacement Master Note or Master Notes of the New Credit Group under the New Master Indenture to secure any Indebtedness or Related Bonds, and (D) the replacement of all or a portion of the financial and operating covenants and related definitions set forth in the Master Indenture with the New Credit Group's financial and operating covenants and related definitions set forth in the New Master Indenture.

(2) Prior to the implementation of the New Master Debt Transaction, the Obligated Group Agent has delivered to the Master Trustee an Officer's Certificate certifying that, assuming and after giving effect to the implementation of the New Master Debt Transaction:

(A) the debt service coverage ratio, for the most recent Fiscal Year for which audited combined financial statements of the New Credit Group are available, determined by dividing (i) a numerator equal to the operating income for such Fiscal Year (before extraordinary items and excluding depreciation, amortization and interest expense), by (ii) a denominator equal to required payments on outstanding long-term debt in such Fiscal Year (excluding optional prepayments or defeasance of long-term debt and payments or prepayments of long-term debt funded with proceeds of refinancing) (as reflected in or derived from the most recent audited combined financial statements of the New Credit Group), was not less than **1.75**; or

(B) the ratio determined by dividing (i) a numerator equal to the aggregate amount of all cash, cash equivalents, and marketable securities of the New Credit Group (excluding restricted gifts, endowments and assets of self-insurance trusts which prohibit any application of such assets for purposes which are not related to claims as defined in the governing trust documents, but including all funds such as debt service reserve funds held as security for Master Notes), by (ii) a denominator equal to the aggregate outstanding long-term debt of the New Credit Group (as reflected in or derived from the most recent audited combined financial statements of the New Credit Group), was not less than **0.75**; or

(C) the Obligated Group Agent has delivered to the Related Bond Trustee for each outstanding series of Related Bonds written confirmation from each nationally recognized securities rating agency then rating such Related Bonds that on the

date the proposed amendment is to take effect, such Related Bonds are rated by such rating agency in a rating category which is not lower than the rating category of such rating agency applicable to such Related Bonds on the day prior to the delivery of the Supplemental Master Indenture setting forth such proposed amendment and the implementation of the New Master Debt Transaction (without regard to any gradations within any such rating category).

(3) Prior to the implementation of the New Master Debt Transaction there is delivered to the Master Trustee, each Related Bond Issuer and each Related Bond Trustee, an Opinion of Counsel to the effect that (A) the New Master Indenture has been duly authorized, executed and delivered by the New Credit Group, the Replacement Master Note or Master Notes to be delivered to secure any Indebtedness or Related Bonds constitute legal, valid and binding obligations of the New Credit Group enforceable in accordance with their terms, except to the extent that the enforceability of such note or notes may be limited by any applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights and application of general principles of equity, (B) all requirements and conditions to the issuance of the New Master Notes set forth in the New Master Indenture have been complied with and satisfied, and (C) the issuance of the Replacement Master Note or Master Notes will not cause such Related Bonds or such Replacement Master Note or Master Notes to become subject to the registration requirements pursuant to the Securities Act of 1933, as amended.

(4) Prior to the implementation of the New Master Debt Transaction there is delivered to the Master Trustee, each Related Bond Issuer and each Related Bond Trustee, an Opinion Bond Counsel to the effect that under then existing law the implementation of the New Master Debt Transaction would not adversely affect the validity of any Related Bonds or the exclusion from federal income taxation of interest payable on such Related Bonds.

(5) The Corporation shall direct the Master Trustee to give written notice of the substance of the proposed New Master Debt Transaction to each Related Bond Trustee and to each nationally recognized securities rating agency maintaining a rating on any Master Notes or Related Bonds not less than **15** days prior to the date such New Master Debt Transaction is to take effect.

Supplemental Master Indentures with Consent of Noteholders

With the consent of the holders of not less than a majority in principal amount of all Master Notes then Outstanding affected by such Supplemental Master Indenture, the Members and the Master Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Master Indenture or of modifying in any manner the rights of the holders of the Master Notes under the Master Indenture; provided, however, that no such Supplemental Master Indenture shall, without the consent of the holder of each Outstanding Master Note affected thereby,

(a) change the stated maturity of the principal of, or any installment of interest on, any Master Note, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Master Note, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) reduce the percentage in principal amount of the Outstanding Master Notes, the consent of whose holders is required for any such Supplemental Master Indenture, or the consent of whose holders is required for any waiver provided for in the Master Indenture of compliance with certain provisions of the Master Indenture or certain defaults hereunder and their consequences; or

(c) modify the obligation of the Members to make payment on or provide funds for the payment of any Master Note; or

(d) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of the Master Indenture cannot be modified or waived without the consent of the holder of each Master Note affected thereby; or

(e) permit the creation of any lien ranking prior to or on a parity with the lien of the Master Indenture or terminate the lien of the Master Indenture on any property at any time subject hereto or deprive the holder of any Master Note of the security afforded by the lien of the Master Indenture.

Payment, Discharge and Defeasance of Master Notes

The Master Notes of a particular series or a portion of such series (subject to the Master Indenture) will be deemed to be paid and discharged and no longer Outstanding under the Master Indenture and will cease to be entitled to any lien, benefit or security under the Master Indenture if the Obligated Group has paid or provided for the payment of the entire indebtedness on such Master Notes in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including premium, if any) and interest on such Master Notes, as and when the same become due and payable;

(b) by delivering such Master Notes to the Master Trustee for cancellation; or

(c) by depositing with the Master Trustee or other Paying Agent, in trust, moneys and Escrowed Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Master Notes at or before their respective maturity dates (including the payment of the principal of, premium, if any, and interest payable on such Master Notes to the maturity or redemption date thereof), provided that, if any such Master Notes are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Master Indenture or provisions satisfactory to the Master Trustee are made for the giving of such notice.

Satisfaction and Discharge of Master Indenture

The Master Indenture and the lien, rights and interests created hereby will cease, determine and become null and void (subject to the Master Indenture and except as to any surviving rights of transfer or exchange of Master Notes herein provided for) if the following conditions are met:

(a) The principal of, premium, if any, and interest on all Master Notes is paid or is deemed to be paid and discharged by meeting the conditions of the Master Indenture; and

(b) The Obligated Group has paid or caused to be paid all other sums payable under the Master Indenture by the Obligated Group with respect to such Master Notes.

Satisfaction of Related Bonds

The provisions of the Master Indenture notwithstanding, any Master Note which secures a Related Bond will not be deemed paid and will continue to be entitled to the lien, benefit and security under the Master Indenture unless and until such Related Bond shall cease to be entitled to any lien, benefit or security under the Related Bond Document pursuant to the provisions thereof.

Additional Covenants and Restrictions Under Supplemental Master Trust Indenture

Supplemental Master Indenture No. 2 contains certain covenants and restrictions (the **"Bond Insurer Covenants"**) which apply in addition to, and not in substitution for, the provisions of the Master Indenture. The Bond Insurer Covenants shall be incorporated into, and shall have the full force and effect of, the Master Indenture. The Bond Insurer Covenants shall only be applicable during the period any Series 2006 Bonds are Outstanding and the Bond Insurer has not lost its consent rights pursuant to the Bond Indenture. The Bond Insurer Covenants may only be enforced by the Master Trustee acting upon the written instructions of the Bond Insurer and may be modified, amended or waived at any time with the prior written consent of the Bond Insurer and without the consent of the Master Trustee, any Related Bond Trustee, any Related Issuer, any holder of a Series 2006 Master Note or any other Master Note or any owner of the Series 2006 Bonds or any other Related Bonds.

Governing Law

The Master Indenture shall be governed by and construed in accordance with the applicable laws of the State of Missouri.

* * *

SUMMARY OF THE BOND INDENTURE

The following is a summary of certain provisions contained in the Bond Indenture. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Bond Indenture for a complete recital of the terms thereof.

Granting of Trust Estate

The Authority, in consideration of the premises, the acceptance by the Bond Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the principal of and redemption premium, if any, and interest on all of the Bonds issued and Outstanding under the Bond Indenture from time to time according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants, agreements and conditions herein and in the Bonds contained, transfers in trust, pledges and assigns to the Bond Trustee and its successors and assigns, and grants a security interest to the Bond Trustee and its successors and assigns, in the property described in paragraphs (a), (b) and (c) below (said property being referred to in the Bond Indenture as the **"Trust Estate"**):

(a) all right, title and interest of the Authority (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (1) the Loan Agreement, including, without limitation, all Loan Payments and other payments to be received by the Authority and paid by the Corporation under and pursuant to and subject to the provisions of the Loan Agreement (except the Authority's rights to payment of its fees and expenses and to indemnification as set forth in the Loan Agreement and as otherwise expressly set forth therein), (2) the Series 2006 Master Notes, and (3) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds;

(b) all moneys and securities (except moneys and securities held in the Purchase Fund and in the Rebate Fund) from time to time held by the Bond Trustee in the funds and accounts under the terms of the Bond Indenture; and

(c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Bond Indenture by the Authority or by anyone in its behalf or with its written consent, to the Bond Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

Creation of Funds and Accounts

There are created and ordered to be established in the custody of the Bond Trustee the following special trust funds with respect to the Bonds, to be designated as follows:

(a) **"Project Fund"**, and within such fund two separate and segregated trust accounts designated the **"Costs of Issuance Account"** and the **"Project Fund"**.

(b) **"Debt Service Fund"**.

(c) **"Rebate Fund"**.

The Bond Trustee is authorized to establish separate subaccounts within such funds and accounts or otherwise segregate moneys within such funds and accounts, on a book-entry basis or in such other manner as the Bond Trustee may deem necessary or convenient, or as the Bond Trustee shall be instructed by the Authority.

Deposit of Bond Proceeds

The Authority, for and on behalf of the Corporation, shall cause the net purchase price of the Bonds paid by the Original Purchaser to be deposited with the Bond Trustee (other than the portion thereof equal to the underwriter's discount, and counsel fees, and bond insurance premiums which shall be paid by the Original Purchaser on behalf of the Authority directly to the Bond Insurer), and the Bond Trustee shall deposit such proceeds in the Costs of Issuance Account and the Project Fund in the Project Fund and shall apply such proceeds as set forth in the Bond Indenture for the purpose of paying costs of issuance and paying costs of refunding the Project.

Project Fund

Moneys in the Project Fund shall be disbursed as follows:

(a) *Costs of Issuance Account*. Moneys in the Costs of Issuance Account in the Project Fund shall be used solely for the purpose of paying Costs of Issuance, as provided in this Section. The Bond Trustee may rely upon and shall pay out of the Costs of Issuance Account upon written disbursement requests of the Corporation, in substantially the form of **Exhibit D** hereto, signed by the Corporation Representative, amounts equal to the amount of Costs of Issuance certified in such written requests to be paid or reimbursed; provided, however, that Costs of Issuance (other than the initial fees and expenses of the Bond Insurer and the Bond Insurer's counsel) paid from bond proceeds deposited in the Costs of Issuance Account shall not exceed **2%** of the principal amount of the Bonds. At such time as the Bond Trustee is furnished with an Officer's Certificate stating that all Costs of Issuance have been paid, and in any case not later than **6** months from the date of original issuance of the Bonds, the Bond Trustee shall transfer any moneys remaining in the Costs of Issuance Account to the Debt Service Fund.

(b) *Project Account*. Moneys in the Project Account in the Project Fund shall be used for the purpose of paying Costs of the Project, as provided in this Section and in accordance with the plans and specifications therefor, including any alterations in or amendments to said plans and specifications deemed advisable by the Corporation and approved in accordance with the Loan Agreement. The Bond Trustee shall disburse moneys on deposit in the Project Account from time to time to pay or as reimbursement for payment made for Costs of the Project (other than Costs of Issuance), in each case within **3** Business Days after receipt by the Bond Trustee of written disbursement requests of the Corporation in substantially the form of **Exhibit E** hereto, signed by the Corporation Representative. In making payments pursuant to this Section, the Bond Trustee may rely upon such written requests and accompanying certificates and invoices and shall not be required to make any independent inspection or investigation in connection therewith. If the Authority so requests, a copy of each written disbursement request submitted to the Bond Trustee for payment under this Section shall be promptly provided by the Bond Trustee to the Authority. The Bond Trustee shall keep and maintain adequate records pertaining to the Project Account and all disbursements therefrom, and shall file periodic statements of activity regarding the Project Account with the Corporation.

The Corporation shall deliver to the Bond Trustee, within **90** days after completion of the Project, an Officer's Certificate:

(1) stating that the Project has been fully completed substantially in accordance with the plans and specifications for the Project, as then amended, and the date of completion of the Project; and

(2) stating that the Costs of the Project have been fully paid for and no claim or claims exist against the Authority or the Corporation or against the Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Corporation intends to contest such claim or claims in accordance with the Loan Agreement, in which event such claim or claims shall be described; and that moneys are on deposit in the Project Account or are available through enumerated bank loans (including letters of credit) or other sources sufficient to make payment of the full amount which might in any event be payable in order to satisfy such claim or claims.

If after payment by the Bond Trustee of all disbursement requests theretofore tendered to the Bond Trustee under the provisions of this Section and after receipt by the Bond Trustee of the Officer's Certificate required by this Section, there shall remain any moneys in the Project Account, such moneys shall be deposited in the Debt Service Fund and applied to redeem Bonds at the earliest permissible date under **Section 301** of the Bond Indenture; provided, in the discretion of the Corporation and with the written consent of the Bond Insurer, such moneys may be applied for any other purpose that, based on an Opinion of Bond Counsel addressed and delivered to the Authority and the Bond Trustee, will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Upon the occurrence of an Event of Default, or an event which, with notice and/or lapse of time or both, would become an Event of Default, amounts on deposit in the Project Fund shall be applied exclusively to redeem Bonds or payment of principal on the Bonds, unless the Bond Insurer shall otherwise direct in writing.

Debt Service Fund

The Bond Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows:

(a) The amounts required to be deposited therein under the Bond Indenture, and all Loan Payments made by the Corporation pursuant to the Loan Agreement.

(b) Any amount required to be transferred to the Debt Service Fund from the Project Account upon completion of the Project pursuant to the Bond Indenture.

(c) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to the Bond Indenture.

(d) All other moneys received by the Bond Trustee under and pursuant to any of the provisions of the Bond Indenture or the Loan Agreement for deposit into the Debt Service Fund.

The moneys in the Debt Service Fund shall be held in trust and, except as otherwise provided herein, shall be expended solely (a) to pay interest on the Bonds as the same becomes due, (b) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof, and (c) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to the Maturity Date. The Bond Trustee is authorized and directed to withdraw sufficient funds from the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at the Maturity Date or upon redemption and to make said funds so withdrawn available to any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

Rebate Fund

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Bond Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and neither the Corporation, the Authority nor the owner of any Bonds shall have any rights in or claim to such money.

Investment of Moneys

Moneys held in each of the funds and accounts hereunder shall, pursuant to written direction of the Corporation, be invested and reinvested by the Bond Trustee in accordance with the provisions hereof and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. Notwithstanding any other provision of the Bond Indenture, if the Bond Trustee fails to receive written directions of the Corporation regarding investment of funds pursuant to this Section, moneys held in any fund or account hereunder shall be invested or reinvested in Permitted Investments described in subparagraph (a) or (d) of the definition thereof. The Bond Trustee may make any investments permitted by this Section through its own bond department or short-term investment department and may pool moneys for investment purposes, except moneys held in the yield restricted portion of any fund or account, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Bond Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to the Bond Indenture) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. The Bond Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in such fund or account is insufficient for the purposes of such fund or account.

Tax Covenants

The Authority (to the extent within its power or direction) shall not use or permit the use of any proceeds of Bonds or any other funds of the Authority, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would adversely affect the exclusion of the interest on any Bond from gross income for federal income tax purposes. The Authority agrees that so long as any of the Bonds remain Outstanding, it will comply with the provisions of the Tax Compliance Agreement applicable to the Authority.

The Bond Trustee agrees to comply with the provisions of the Tax Compliance Agreement and with any statute, regulation or ruling that may apply to it as Bond Trustee hereunder and relating to reporting requirements or other requirements necessary to preserve the exclusion from federal gross income of the interest on the Bonds. The Bond Trustee from time to time may cause a firm of attorneys, consultants or independent accountants or an investment banking firm to supply the Bond Trustee, on behalf of the Authority, with such information as the Bond Trustee, on behalf of the Authority, may request in order to determine in a manner reasonably satisfactory to the Bond Trustee, on behalf of the Authority, all matters relating to (a) the actuarial yields on the Bonds as the same may relate to any data or conclusions necessary to verify that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, and (b) compliance with the rebate requirements of Section 148(f) of the Internal Revenue Code. Payment for costs and expenses incurred in connection with supplying the foregoing information shall be paid by the Corporation.

Events of Default

If any one or more of the following events occur, it is defined as and declared to be and to constitute an "Event of Default" under the Bond Indenture:

(a) default in the due and punctual payment of any interest on any Bond when the same becomes due and payable; or

(b) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when the same becomes due and payable, whether at the stated maturity or accelerated maturity thereof, or upon proceedings for redemption thereof; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder, or the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Indenture or any Supplemental Indenture on the part of the Authority to be performed, and such incapacity or default shall continue for **30** days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority and the Corporation by the Bond Trustee (which notice may be given by the Bond Trustee in its discretion and shall be given at the written request of the Bond Insurer or the Owners of not less than **10%** in aggregate principal amount of the Bonds then Outstanding); provided that, if any such default shall be correctable but is such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or the Corporation within such period and diligently pursued until the default is corrected, provided further that no such corrective period shall extend for more than **60** days after notice specifying the default as hereinabove described has been given without the prior written consent of the Bond Insurer; or

(d) any Event of Default as specified in the Loan Agreement has occurred and is continuing and has not been waived; or

(e) any Event of Default as specified in the Master Indenture has occurred and is continuing and has not been waived.

Acceleration of Maturity in Event of Default

If the Series 2006A Master Note or the Series 2006B Master Note has been declared by the Master Trustee to be immediately due and payable, then, with the prior written consent of the Bond Insurer but without other further action, all Bonds Outstanding shall become and be immediately due and payable, anything in the Bonds or herein to the contrary notwithstanding. In addition, if an Event of Default shall have occurred and be continuing, the Bond Trustee may with the consent of the Bond Insurer, and if requested by the Bond Insurer or the Owners of not less than **25%** in principal amount of the Bonds Outstanding with the consent of the Bond Insurer shall, by notice in writing delivered to the Bond Insurer, the Authority and the Corporation, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; provided that if at any time after the principal of the Bonds then Outstanding shall have so become due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such acceleration or before the completion of the enforcement of any other remedy under the Bond Indenture, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect to which such default shall have occurred, and all arrears of payments of principal when due, as the case may be, and all fees and expenses of the Bond Trustee in

connection with such default shall have been paid or provided for, and if any acceleration of the Series 2006A Master Note or the Series 2006B Master Note, or both, as applicable, is annulled in accordance with the Master Indenture, then the acceleration of the Bonds then Outstanding and the consequences of such acceleration shall be annulled or rescinded, but no such annulment or rescission shall extend to or affect any subsequent acceleration of the Bonds then Outstanding, or impair any right consequent thereon.

Exercise of Remedies by the Bond Trustee

(a) Upon the occurrence of an Event of Default, the Bond Trustee may, with the consent of the Bond Insurer, pursue any available remedy at law or equity by suit, action, mandamus or other proceeding (including any rights of a secured party under the Missouri Uniform Commercial Code) to enforce the payment of the principal of, redemption premium, if any, and interest on the Bonds then Outstanding, to realize on or to foreclose any of its interests or liens hereunder or under any other of the Financing Documents, to exercise any rights or remedies available to the Bond Trustee or the holder of a Master Note under the Master Indenture, to enforce and compel the performance of the duties and obligations of the Authority as herein set forth and to enforce or preserve any other rights or interests of the Bond Trustee.

(b) If an Event of Default shall have occurred and be continuing, and if requested so to do by the Bond Insurer or the Owners of not less than **25%** in aggregate principal amount of Bonds then Outstanding with the consent of the Bond Insurer and if indemnified as provided in the Bond Indenture, the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article as the Bond Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondowners.

(c) All rights of action under the Bond Indenture or under any of the Bonds may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall, subject to the Bond Indenture, be for the equal benefit of all the Owners of the Outstanding Bonds.

Limitation on Exercise of Remedies by Bondowners

o Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Bond Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Bond Trustee has been notified or of which the Bond Trustee is deemed to have notice as provided in the Bond Indenture, (b) such default shall have become an Event of Default, (c) the Bond Insurer or the Owners of not less than **25%** in aggregate principal amount of Bonds then Outstanding with the consent of the Bond Insurer shall have made written request to the Bond Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and shall have offered to the Bond Trustee indemnity as provided in the Bond Indenture, and (d) the Bond Trustee shall thereafter fail or refuse to exercise the powers herein granted or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every case, at the option of the Bond Trustee, to be conditions precedent to the execution of the powers and trusts of the Bond Indenture, and to any action or cause of action for the enforcement of the Bond Indenture, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the Bond Indenture by its, his or their action or to enforce any right hereunder except in the manner

herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided, and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in the Bond Indenture contained shall, however, affect or impair the right of any Bondowner to payment of the principal of and interest on any Bond at and after the maturity thereof or the obligation of the Authority to pay the principal of, redemption premium, if any, and interest on each of the Bonds to their respective Owners at the time, place, from the source and in the manner expressed herein and in the Bonds or affect or interfere with the right of any owner to institute suit for the enforcement of any such payment.

Right of Bondowners to Direct Proceedings

Except as provided in the Bond Indenture, the Bond Insurer or, if the rights of the Bond Insurer have been suspended pursuant to the Bond Indenture, the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Indenture, or for the appointment of a receiver, custodian or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Indenture and provided, further, that the Bond Trustee shall have the right to decline to follow any such direction if the Bond Trustee in good faith shall determine that the proceedings so directed would involve it in personal liability for which it has not been indemnified.

Application of Moneys in Event of Default

Any moneys held or received by the Bond Trustee (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Bond Trustee under the Bond Indenture (other than the Rebate Fund), shall be applied in the following order, at the date or dates fixed by the Bond Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all amounts due the Bond Trustee under the Bond Indenture;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal and premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Bond Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal and premium, if any, and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due;

(c) **Third:** To the payment of all amounts due the Bond Insurer; and

(d) **Fourth:** To the payment of the remainder, if any, to the Corporation or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Corporate Trustee Required; Eligibility

There shall at all times be a Bond Trustee hereunder which shall be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, having a principal corporate trust office located in the State of Missouri. The Bond Trustee must have a combined capital and surplus or consolidated net worth of at least **$100,000,000**, or must provide a guaranty of the full and prompt performance by the Bond Trustee of its obligations under the Bond Indenture and any other agreements made in connection with the Bonds, on terms satisfactory to the Authority, by a guarantor with such combined capital and surplus or consolidated net worth. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Bond Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

Resignation and Removal of Bond Trustee

(a) The Bond Trustee may resign at any time by giving written notice thereof to the Authority, the Corporation, the Bond Insurer and each Owner of Bonds Outstanding as their names and addresses appear in the bond register maintained by the Bond Trustee. If an instrument of acceptance by a successor Bond Trustee shall not have been delivered to the Bond Trustee within **30** days after the giving of such notice of resignation, the resigning Bond Trustee may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee.

(b) If the Bond Trustee has or shall acquire any conflicting interest, as defined in the Trust Indenture Act of 1939, it shall, within **90** days after ascertaining that it has a conflicting interest, or within **30** days after receiving written notice from the Authority, the Bond Insurer or the Corporation (so long as the Corporation is not in default under the Bond Indenture and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Bond Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Authority, the Bond Insurer and the Bond Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds, or, so long as no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default under the Loan Agreement. The Bond Insurer may remove the Bond Trustee at any time for "cause" in accordance with the Bond Indenture. The Authority, the Corporation, the Bond Insurer or any Bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Bond Trustee.

(d) If at any time:

(1) the Bond Trustee shall fail to comply with subsection (b) after written request therefor by the Authority, the Corporation or the Bond Insurer, or

(2) the Bond Trustee shall cease to be eligible under the Bond Indenture and shall fail to resign after written request therefor by the Authority, the Corporation, the Bond Insurer or by any such Bondowner, or

(3) the Bond Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Bond Trustee or of its property shall be appointed or any public officer shall take charge or control of the Bond Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (a) the Authority may remove the Bond Trustee, or (b) the Corporation or any Bondowner may petition any court of competent jurisdiction for the removal of the Bond Trustee and the appointment of a successor Bond Trustee.

(e) The successor Bond Trustee shall give notice of such resignation or such removal of the Bond Trustee and such appointment of a successor Bond Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered Owners of Bonds as their names and addresses appear in the bond register maintained by the Bond Trustee. Each notice shall include the name of the successor Bond Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Bond Trustee and no appointment of a successor Bond Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Bond Trustee under the Bond Indenture.

Appointment of Successor Bond Trustee

If the Bond Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Bond Trustee for any cause, the Authority with the written consent of the Bond Insurer (which consent shall not be unreasonably withheld) and the Corporation (so long as no Event of Default and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default hereunder or under the Loan Agreement has occurred and is continuing), or the Owners of a majority in principal amount of Bonds Outstanding (if an event of default hereunder or under the Loan Agreement has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Authority, the Corporation and the retiring Bond Trustee, shall promptly appoint a successor Bond Trustee. If a successor Bond Trustee shall be appointed in the manner herein provided, the successor Bond Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Bond Trustee and supersede the retiring Bond Trustee and any temporary successor Bond Trustee appointed by such receiver or trustee. If, within **30** days after such resignation, removal or incapability or the occurrence of such vacancy, no successor Bond Trustee shall have been so appointed and accepted appointment in the manner herein provided, the Corporation (so long as no Event of Default hereunder or under the Loan Agreement has occurred and is continuing and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default) or the Owners of a majority in principal amount of Bonds Outstanding may appoint, or the Authority, the Bond Insurer, the Corporation or the retiring Bond Trustee or any Bondowner may petition any court of competent jurisdiction for the appointment of, a temporary successor Bond Trustee, until a successor shall have been appointed as above provided. The temporary successor so appointed shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Bond Trustee appointed pursuant to this Section shall be a bank with trust powers or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

Supplemental Indentures Not Requiring Consent of Bondowners

The Authority and the Bond Trustee may from time to time, without the consent of or notice to any of the Bondowners but with prior written notice to the Bond Insurer, enter into one or more Supplemental Indentures, for any one or more of the following purposes:

(a) With the prior written consent of the Bond Insurer, to cure any ambiguity or formal defect or omission in the Bond Indenture or to release property from the lien of the Bond Indenture which was included by reason of an error or other mistake;

(b) To grant to or confer upon the Bond Trustee for the benefit of the Bondowners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondowners or the Bond Trustee or either of them;

(c) To subject to the Bond Indenture additional revenues, properties or collateral;

(d) To modify, amend or supplement the Bond Indenture or any indenture supplemental thereto in such manner as to permit the qualification of the Bond Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(e) To provide for the refunding or advance refunding of any Bonds;

(f) To evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(g) To evidence the appointment of a Liquidity Provider, Remarketing Agent or Tender Agent, and in connection therewith to change any times of day specified herein by which any action must be taken;

(h) With the prior written consent of the Bond Insurer, to amend the Bond Indenture in accordance with the Bond Indenture upon satisfaction of the conditions set forth therein;

(i) To alter the manner in which the Remarketing Agent may, in the reasonable exercise of its judgment, act pursuant to the Bond Indenture to increase the likelihood of achieving the lowest net interest cost during the Interest Rate Period for any Daily Rate Bonds, Weekly Rate Bonds, CP Rate Bonds or Term Rate Bonds, but only if the Corporation provides to the Bond Trustee, the Bond Insurer and the Authority a Favorable Opinion of Bond Counsel;

(j) With the prior written consent of the Bond Insurer, to alter, prior to the applicable Conversion Date for a conversion to the interest rate for the Bonds to a Fixed Rate or Rates, the manner in which a schedule of principal payments and interest rates may be set pursuant to the Bond Indenture, or the redemption provisions to be applicable to Bonds accruing interest at a Fixed Rate, but only if the Corporation provides to the Bond Trustee, the Bond Insurer and the Authority a Favorable Opinion of Bond Counsel;

(k) With the prior written consent of the Bond Insurer, to amend the ARCs Provisions, but only if (i) unless the Bonds are not then in an ARCs Rate Period, the Bond Trustee has mailed notice of the proposed amendment by first-class mail to each Bondowner and, on the first Auction Date occurring at least **20** days after the date on which the Bond Trustee mailed that notice, the Auction

Rate determined on that date is the Winning Bid Rate (as those terms are defined in the ARCs Provisions) and (ii) the Corporation provides to the Bond Trustee, the Bond Insurer and the Authority a Favorable Opinion of Bond Counsel; or

(l) With the prior written consent of the Bond Insurer, to make any other change in connection with a conversion to a different Interest Rate Period if the Corporation provides to the Bond Trustee, the Bond Insurer and the Authority a Favorable Opinion of Bond Counsel; or

(m) With the prior written consent of the Bond Insurer, to make any other change which, in the sole judgment of the Bond Trustee, does not materially adversely affect the interests of the Bondowners (in making such determination, the Bond Trustee shall be entitled to rely conclusively upon an Opinion of Counsel).

Supplemental Indentures Requiring Consent of Bondowners

Subject to the Bond Indenture, with the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, the Authority and the Bond Trustee may from time to time enter into such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary or desirable by the Bond Trustee for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Indenture or in any Supplemental Indenture; provided that nothing in this Section contained shall permit or be construed as permitting without the consent of the Owners of all of the Bonds then Outstanding:

(a) an extension of the maturity of the principal of or the scheduled date of payment of interest on any Bond, or

(b) a reduction in the principal amount, redemption premium or any interest payable on any Bond, or

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or

(d) a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Indenture; or

(e) an amendment to the Auction Procedures other than pursuant to the Bond Indenture.

Supplemental Loan Agreements Not Requiring Consent of Bondowners

The Authority and the Bond Trustee may, without the consent of or notice to the Bondowners but with prior written notice to the Bond Insurer, consent to the execution of any Supplemental Loan Agreements by the Authority and the Corporation as may be required:

(a) with the prior written consent of the Bond Insurer, for the purpose of curing any ambiguity or formal defect or omission in the Loan Agreement, or

(b) with the prior written consent of the Bond Insurer, in connection with any other change therein which, in the sole judgment of the Bond Trustee, does not materially adversely affect the interests of the Bondowners (in making such determination, the Bond Trustee shall be entitled to rely conclusively upon an Opinion of Counsel).

Supplemental Loan Agreements Requiring Consent of Bondowners

Subject to the Bond Indenture, with the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, the Authority and the Bond Trustee may consent to the execution of any Supplemental Loan Agreements by the Authority and the Corporation; provided that no such Supplemental Loan Agreement shall be entered into which permits without the consent of the Owners of all of the Bonds then Outstanding:

(a) an extension of the maturity of the principal of or the interest on the Series 2006 Master Notes, or

(b) a reduction in the principal amount of the Series 2006 Master Notes or the premium or rate of interest payable thereon.

Bonds Deemed To Be Paid

Any Bond or Bonds shall be deemed to be paid and no longer Outstanding under the Bond Indenture and shall cease to be entitled to any lien, benefit or security under the Bond Indenture if the Authority shall pay or provide for the payment of such Bond or Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bond or Bonds, as and when the same become due and payable;

(b) by delivering and surrendering to the Bond Trustee, for cancellation by it, such Bond or Bonds; or

(c) by depositing with the Bond Trustee, in trust, (1) Eligible Moneys and noncallable Permitted Investments acquired with Eligible Moneys in such amounts and with maturities as the Bond Trustee shall determine will be, together with other moneys deposited therein and together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bond or Bonds at or before their respective maturity dates and to pay the interest thereon as it comes due, (2) in the case of Bonds which do not mature or will not be redeemed within **90** days of the deposit referred to in (1) above, (A) a verification report of a nationally recognized independent certified public accounting firm as to the adequacy of the trust funds to fully pay the Bonds deemed to be paid (a copy of that report to be delivered to the Bond Insurer and the Authority), and (B) an escrow agreement respecting such moneys and Permitted Investments, which escrow agreement has been approved in writing by the Bond Insurer, and (3) with respect to Bonds other than ARCs or Fixed Rate Bonds, delivering to the Bond Trustee a letter from each rating service then maintaining a short-term rating for the Bonds to the effect that such deposit will not result in a reduction or withdrawal of its short-term rating on the Bonds (unless the requirement for such letters is waived by that ratings service).

Notwithstanding the foregoing, in the case of any Bonds which by their terms may be redeemed prior to the stated maturities thereof, no deposit under clause (c) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed prior to their respective stated maturities, proper notice of such redemption shall have been given in accordance with the Bond Indenture or irrevocable instructions shall have been given to the Bond Trustee to give such notice.

Notwithstanding any provisions of any other Section of the Bond Indenture which may be contrary to this Section, all moneys or Permitted Investments set aside and held in trust pursuant to this Section for the payment of

Bonds (including redemption premium thereon, if any) shall be held irrevocably in trust for the Owners of such Bonds and applied to and used solely for the payment of the particular Bonds (including redemption premium thereon, if any) with respect to which such moneys and Permitted Investments have been so set aside in trust.

Notwithstanding anything in the Bond Indenture to the contrary, the Bonds for which payment is provided under clause (c) of the first paragraph of this Section shall remain Outstanding and shall not be deemed paid until the Authority has caused to be delivered (a) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer (the **"Accountant"**) addressed to the Authority, verifying the sufficiency of the escrow established to pay such Bonds in full on the maturity dates or redemption dates (the **"Verification"**), (b) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer), (c) an opinion of nationally recognized bond counsel addressed to the Authority, to the effect that such Bonds are no longer "Outstanding" under the Bond Indenture, and (d) a certificate of discharge of the Bond Trustee with respect to such Bonds. Each verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, the Bond Trustee and the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than **5** business days prior to the funding of the escrow.

Satisfaction and Discharge of the Bond Indenture

If the principal of, redemption premium, if any, and interest on all of the Bonds shall have been paid in accordance with their terms, or provision has been made for such payment as provided in the Bond Indenture, and provision shall also be made for paying all other sums payable hereunder, including the payment of any rebatable arbitrage to the United States and the fees, charges and expenses of the Authority, the Bond Trustee and any Paying Agent, including attorneys' fees and expenses, to the date of retirement of the Bonds, then the right, title and interest of the Bond Trustee under the Bond Indenture shall thereupon cease, determine and be void, and thereupon the Bond Trustee, upon written request of the Corporation, and upon receipt by the Bond Trustee, the Bond Insurer and the Authority of a Favorable Opinion of Bond Counsel, which shall, in addition to its other elements, opine that all conditions precedent to the satisfaction and discharge of the Bond Indenture have been complied with, shall cancel, discharge and release the Bond Indenture and shall execute, acknowledge and deliver to the Authority, the Bond Insurer and the Corporation such instruments of satisfaction and discharge or release as shall be reasonably requested to evidence such release and the satisfaction and discharge of the Bond Indenture, and shall assign and deliver to the Authority, the Corporation or other Person entitled thereto as their respective interests may appear, any property and revenues at the time subject to the Bond Indenture which may then be in its possession, other than moneys or obligations held by the Bond Trustee for the payment of the principal of and interest and redemption premium, if any, due or to become due on the Bonds.

Bond Insurer Deemed to be Bondowner for Purposes of Consent

The Bond Insurer shall be deemed to be the Bondowner and sole holder of any Bonds covered by the Bond Insurance Policy for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Bond Indenture.

Bond Insurer Deemed to be Holder of Master Notes

The Bond Insurer shall be deemed to be the registered holder of the Series 2006 Master Notes for purposes of any right of such registered holder under the Master Indenture to consent to the execution of any supplement or amendment to the Master Indenture and any right of such registered holder under the Master Indenture to direct or

consent to any action or remedy to be undertaken by the Master Trustee or by the Bond Trustee as holder of the Bond Notes pursuant to the provisions of the Master Indenture.

Rights of the Bond Insurer

The rights of the Bond Insurer set forth in the Bond Indenture shall apply for so long as the Bonds are Outstanding and the Bond Insurance Policy remains in effect, the Bond Insurer is not insolvent and is not in default of its payment obligations under the Bond Insurance Policy, unless any such provision is waived by the Bond Insurer or modified by agreement between the Bond Insurer and the Corporation. Anything contained in the Bond Indenture or in the Bonds to the contrary notwithstanding, the existence of all rights given to the Bond Insurer under the Bond Indenture with respect to the giving of consents or approvals or the direction of proceedings are expressly conditioned upon its timely and full performance of the Bond Insurance Policy. Any such rights shall not apply for so long as the Bond Insurer is in default under the Bond Insurance Policy or is insolvent; provided, that the Bond Indenture shall not in any way limit or affect the rights of the Bond Insurer as a bondowner, as subrogee of a bondowner or as assignee of a bondowner or to otherwise be reimbursed and indemnified for its costs and expenses and other payment on or in connection with the Bonds or the Bond Insurance Policy either by operation of law or at equity or by contract.

The rights granted to the Bond Insurer under the Bond Indenture or any other Financing Documents to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Bond Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Bondowners nor does such action evidence any position of the Bond Insurer, positive or negative, as to whether Bondowner consent is required in addition to consent of the Bond Insurer.

Governing Law

The Bond Indenture shall be governed exclusively by and construed in accordance with the applicable laws of the State.

* * *

SUMMARY OF THE LOAN AGREEMENT

The following is a summary of certain provisions contained in the Loan Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Loan Agreement for a complete recital of the terms thereof.

Loan of Funds to the Corporation

The Authority shall make the Loan to the Corporation, using the proceeds of the sale of the Bonds, and the Corporation shall receive such Loan from the Authority, for the purposes and upon the terms and conditions provided in the Bond Indenture and the Loan Agreement. The proceeds of the Bonds loaned to the Corporation shall be paid to the Bond Trustee for deposit in the Project Fund under the Bond Indenture and shall be administered, disbursed and applied for payment of Costs of the Project and costs of issuance of the Bonds in the manner provided in the Bond Indenture.

Series 2006 Master Notes

As an inducement for the Authority to issue the Bonds and make the Loan to the Corporation, and as security for the Loan, and to further provide for the Loan Payments hereunder and the payment of the principal of, redemption premium, if any, and interest on the Bonds, the Corporation shall cause the Series 2006 Master Notes to be issued under the Master Indenture, payable to the order of the Authority and endorsed by the Authority to the Bond Trustee, with interest rates, payment dates and prepayment provisions corresponding to the analogous provisions of the Bonds and otherwise being in substantially the form specified by Supplemental Master Trust Indenture No. 2. The Bond Trustee as holder of the Series 2006 Master Notes shall be entitled to the benefit, security and protection of the Master Indenture.

Completion of the Project.

The Corporation shall cause the Project as described in **Exhibit A** of the Bond Indenture to be completed with reasonable dispatch, and shall provide (from its own funds if required) all moneys necessary to complete the Project substantially in accordance with the plans and specifications for the Project. The Corporation shall comply with all of the provisions and shall perform all obligations of the Corporation set forth in the Bond Indenture with respect to the completion of the Project.

If the proceeds derived from the sale of the Bonds issued for such purpose are not sufficient to pay in full the Costs of the Project, the Corporation shall pay so much of the cost thereof as may be in excess of the proceeds of the Bonds and any investment income thereon available therefor. The Corporation agrees that if, after exhaustion of the proceeds of the Bonds and investment income thereon, the Corporation should pay any portion of the Costs of Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Authority or the Bond Trustee nor shall it be entitled to any abatement, diminution or postponement of its payments hereunder.

In addition, the Corporation agrees to pay the Costs of Issuance which are not being paid with the proceeds of the sale of the Bonds either by paying any or all of such costs directly or by depositing the same with the Bond Trustee. Any moneys so deposited with the Bond Trustee shall be disbursed by the Bond Trustee in accordance with written instructions from the Corporation.

The completion of the Project shall be evidenced to the Bond Trustee by an Officer's Certificate in the form set forth in the Bond Indenture, delivered to the Bond Trustee within **90** days of the date of completion of the Project pursuant to **Section 403(b)** of the Bond Indenture.

Project Documents.

The Corporation shall maintain in its files and available for inspection by the Bond Trustee upon request copies of the following documents at such time as such documents become available and in any event by the time work is commenced on the portion of the Project to which they relate:

(a) *Plans and Specifications.* All available preliminary and final plans and specifications for the Project.

(b) *Construction Contracts.* All architect's and general contractor's contracts for the Project and all prime subcontractor's contracts and purchase orders for any equipment included in the Project.

(c) *Payment and Performance Bonds.* Payment and performance bonds insuring the Corporation, the Authority and the Bond Trustee as their respective interests may appear against delays in completion of all construction contracts, against failure timely to complete the Project in accordance with the plans and specifications therefor, and against claims for payment to cover labor and material used or reasonably required for use in the performance of the construction contracts.

(d) *Licenses and Permits.* All licenses, permits and approvals required or necessary to construct and occupy the Project and to operate the facilities of the Corporation, including all certificates of need and other permits, or appropriate letters of nonreviewability, for the acquisition, construction and equipping portions of the Project, if required, from any governmental agency as may be necessary for such work.

The Corporation agrees that it will not spend any Bond proceeds on a portion of the Project for which a certificate of need is required until the certificate of need is obtained.

The Corporation shall deliver as soon as reasonably practicable after the execution and delivery of the Loan Agreement a letter addressed to the Bond Trustee from each architect and general contractor who is retained or employed for the Project, to the effect that in the event of a default by the Corporation under the Loan Agreement, said architects and contractors will, at the request of the Bond Trustee, continue performance under their respective contracts with the Corporation in accordance with the terms thereof, provided they are reimbursed in accordance with said contracts for all services, work, labor and materials rendered under such contracts, respectively.

Changes to the Project.

The Corporation may make, authorize or permit changes to the Project as it may reasonably determine to be necessary or desirable; provided, however, that no change shall be made to the Project that would cause a material change in the scope, nature, or function of the Project, unless the Corporation files the following with the Bond Trustee:

(a) an Officer's Certificate to the effect that the Project will, after such change, continue to constitute facilities authorized and permitted to be financed under the Act, and such change will not result in any property of the Corporation being used for any purpose prohibited by the Loan Agreement or

otherwise result in the Corporation failing to comply with any provisions of the Loan Agreement; and

(b) an Opinion of Bond Counsel addressed to the Bond Trustee and the Authority to the effect that such change will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income taxation purposes.

If any change would render materially inaccurate the description of the Project in **Exhibit A** to the Bond Indenture, there shall be delivered to the Bond Trustee a revised **Exhibit A** containing a description of the Project that reflects the change in the Project, the accuracy of which shall be certified by an Officer's Certificate.

Enforcement of Contracts and Surety Bonds.

In the event of a material default of any contractor or subcontractor under any construction contract or any other contract made in connection with the Project, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the Corporation will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the Corporation against the contractor or subcontractor in default and against any surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the Corporation of any amounts theretofore paid by the Corporation and not previously reimbursed to the Corporation for correcting or remedying of the default which gave rise to the proceedings against the contractor, subcontractor or surety, shall be paid to the Bond Trustee for deposit into the Project Fund if received before the date of completion of the Project, and otherwise for deposit into the Debt Service Fund.

Loan Payments

The Corporation shall make the following payments (**"Loan Payments"**) in repayment of the Loan and to provide for payment of the principal of, redemption premium, if any, and interest on the Bonds, directly to the Bond Trustee, in immediately available funds, for deposit in the Debt Service Fund, in the amount and on the dates as set out in the Loan Agreement.

Obligations Absolute and Unconditional

The Corporation shall pay all such amounts due and payable under the Loan Agreement using any and all available resources of the Corporation, as necessary. The Corporation shall pay all Loan Payments and other payments due under the Loan Agreement and perform its obligations, covenants and agreements under the Loan Agreement, without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment, discrimination or defense or any right of termination or cancellation arising from any circumstances whatsoever, and regardless of the invalidity of any portion of the Loan Agreement, and, to the extent permitted by law, the Corporation waives the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under the Loan Agreement or which releases or purports to release the Corporation therefrom. Nothing in the Loan Agreement shall be construed as a waiver by the Corporation of any rights or claims the Corporation may have against the Authority under the Loan Agreement or otherwise, but any recovery upon such rights or claims shall be had from the Authority separately, it being the intent of the Loan Agreement that the Corporation shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under the Loan Agreement for the benefit of the owners of the Bonds.

Assignment of Authority's Rights

Under the Bond Indenture, the Authority has pledged, assigned, transferred in trust and granted a security interest to the Bond Trustee in all of the Authority's rights, title and interest under the Loan Agreement (except for the Authority's rights to payment of its fees and expenses and the Authority's right to indemnification in certain circumstances and as otherwise expressly set forth in the Loan Agreement) and under the Series 2006 Master Notes as security for the Bonds, and such rights, title and interest may be exercised, protected and enforced for or on behalf of the owners of the Bonds in conformity with the Loan Agreement, the Bond Indenture and the Supplemental Master Indenture. The Bond Trustee is given the right to enforce, as assignee of the Authority, the performance of the obligations of the Corporation under the Loan Agreement and the Series 2006 Master Notes, and the Corporation consents to the same and agrees that the Bond Trustee may enforce such rights as provided in the Loan Agreement, the Bond Indenture and in the Supplemental Master Indenture. The Authority and the Corporation recognize that the Bond Trustee is a third party creditor-beneficiary of the Loan Agreement.

Corporate Existence and Tax-Exempt Status

Except as otherwise expressly provided in the Loan Agreement, the Corporation shall (a) preserve and keep in full force and effect its corporate or other separate legal existence, (b) remain qualified to do business and conduct its affairs in each jurisdiction where ownership of its Property or the conduct of its business or affairs requires such qualification, and (c) maintain its status as a Tax-Exempt Organization and as an "educational institution" or "health institution" under the Act.

Maintenance and Use of Property

The Corporation shall cause all of its Property used or useful in the conduct of its business and operations to be maintained, preserved and kept in good repair and working order and condition and in as safe condition as its operations will permit and shall make all repairs, renewals, replacements and improvements thereof necessary for the efficient conduct of its business and operations, and shall, during the term of the Bonds, operate the facilities financed and refinanced by the Bonds, as "educational facilities" or "health facilities" within the meaning of the Act. Nothing in this Section shall obligate the Corporation to preserve, repair, renew or replace any Property no longer used or no longer useful in the conduct of its business, or prevent the Corporation from discontinuing the operation of any of its Property or from removing or demolishing any building or buildings, if in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its governing board) such discontinuance is desirable in the conduct of its business. The Corporation may make additions, alterations and changes to its Property so long as such additions, alterations and changes are made in compliance with the provisions of the Loan Agreement and will not result in a violation of the provisions of the Loan Agreement, and the Corporation may dispose of any Property as permitted by the Loan Agreement.

Tax Covenants

The Corporation covenants and agrees that it will not take any action or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds and will take whatever action, or refrain from whatever action, necessary to comply with the requirements of the Internal Revenue Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, and the Corporation shall comply with the Tax Compliance Agreement (defined in the Bond Indenture) and will pay or provide for payment to the United States Government or the Bond Trustee, all rebate payments required under Section 148(f) of the Internal Revenue Code and the Tax Compliance Agreement, to the extent such amounts are not available to the Bond Trustee in the Rebate Fund held under the Bond Indenture. This covenant shall survive payment in full or defeasance of the Bonds.

Assignment by the Corporation

The Corporation shall not assign the Loan Agreement, as a whole or in part, without the prior written consent of the Authority, the Bond Insurer and the Bond Trustee unless such assignment is pursuant to a merger, consolidation or transfer of the Corporation's property substantially as an entirety permitted under the Loan Agreement, or unless the following conditions are met:

(a) No assignment (other than an assignment to another member of the New Credit Group under a New Master Indenture executed in accordance with the Bond Indenture and the Master Indenture) shall relieve the Corporation from primary liability for any of its obligations under the Loan Agreement, and in the event of any such assignment (other than an assignment to another member of the New Credit Group under a New Master Indenture executed in accordance with the Bond Indenture and the Master Indenture), the Corporation shall continue to remain primarily liable for payment of the amounts specified in the Loan Agreement and the performance and observance of the other agreements to be performed and observed by the Corporation under the Loan Agreement to the same extent as though no assignment had been made.

(b) The assignee shall assume the obligations of the Corporation under the Loan Agreement to the extent of the interest assigned.

(c) The Bond Trustee, the Bond Insurer and the Authority shall have received an Opinion of Bond Counsel, in form and substance satisfactory to the Bond Trustee, the Bond Insurer and the Authority, to the effect that under then existing law the consummation of such assignment would not adversely affect the exclusion of the interest payable on the Bonds from gross income under the Internal Revenue Code.

(d) The Corporation shall give prior written notice of such assignment to the Authority, the Bond Trustee and the Bond Insurer, and, within **30** days after the delivery thereof, shall furnish or cause to be furnished to the Authority, the Bond Trustee and the Bond Insurer a true and complete copy of each assignment and assumption of obligations and an Opinion of Counsel that such assignment is permitted by and in compliance with the provisions of the Loan Agreement.

Covenants under Master Indenture and Other Financing Documents

During the term of the Loan Agreement, the Corporation covenants and agrees that it will maintain its status as a Member of the Obligated Group (subject to the provisions of the Bond Indenture permitting the Corporation to become a member of another obligated group) and that it will faithfully perform and comply with all covenants, obligations, representations, undertakings and provisions contained in the Master Indenture. The Corporation covenants and agrees that so long as any Bonds remain Outstanding, it will deliver to the Bond Trustee all reports, opinions and other documents required by the Master Indenture to be submitted to the Master Trustee at the time said reports, opinions or other documents are required to be submitted to the Master Trustee. Any Opinions of Bond Counsel required by the Master Indenture that relate to the Bonds shall be addressed to the Bond Trustee and the Authority in addition to the Master Trustee. The Corporation shall perform or cause to be performed all covenants and agreements required on the part of the Corporation under the Bond Indenture, the Liquidity Facility, and any other Financing Documents, and shall deliver to the Bond Trustee all reports, opinions and other documents required by the Bond Indenture, the Liquidity Facility and all other Financing Documents to be submitted to the Bond Trustee at the times required by the Bond Indenture, the Liquidity Facility and all other Financing Documents.

Additional Indebtedness

The Corporation may issue or incur additional Indebtedness (as defined in the Master Indenture) for any proper corporate purpose if the conditions set forth in the Master Indenture are met. Notwithstanding anything to the contrary, no additional Indebtedness shall be issued or incurred if an Event of Default, or any event which upon notice or the expiration of any applicable grace period, has occurred and is continuing, unless such default shall be cured upon the issuance or incurrence of such additional Indebtedness.

Events of Default

The term **"Event of Default,"** wherever used in the Loan Agreement, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any Loan Payment when due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise);

(b) default in the performance, or breach, of any covenant or agreement of the Corporation in the Loan Agreement (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of **60** days after there has been given to the Corporation by the Authority or the Bond Trustee or to the Corporation and the Bond Trustee by the Bond Insurer or the owners of at least **25%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Corporation shall promptly upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; provided, that such period shall not exceed **90** days without the prior written consent of the Bond Insurer;

(c) any representation or warranty made by the Corporation in the Loan Agreement or in any written statement or certificate furnished to the Authority or the Bond Trustee or the purchaser of any Bond in connection with the sale of any Bond or furnished by the Corporation pursuant to the Loan Agreement proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within **60** days after there has been given to the Corporation by the Authority or the Bond Trustee or to the Corporation and the Bond Trustee by the Bond Insurer or the owners of at least **25%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Corporation shall promptly upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; provided, that such period shall not exceed **90** days without the prior written consent of the Bond Insurer;

(d) the occurrence and continuance of any "Event of Default" specified in the Bond Indenture or in the Master Indenture that has not been waived or cured.

Exercise of Remedies by the Bond Trustee

Upon the occurrence and continuance of any Event of Default under the Loan Agreement, unless the same is waived as provided in the Loan Agreement, the Bond Trustee, as assignee of the Authority, shall have the following rights and remedies, in addition to any other rights and remedies provided under the Loan Agreement or by law:

(a) *Acceleration of Maturity; Rescission and Annulment.* The Bond Trustee may with the prior written consent of the Bond Insurer, and if requested by the Bond Insurer or the owners of not less than **25%** in principal amount of the Bonds Outstanding with the consent of the Bond Insurer shall (a) by written notice to the Corporation and the Authority, declare the principal of the Loan and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable, and (b) by written notice to the Master Trustee, request that the Master Trustee declare the principal of the Series 2006 Master Notes (if not then due and payable) to be due and payable immediately subject to the provisions of the Master Indenture regarding waiver of events of default, anything in the Series 2006 Master Notes or in the Loan Agreement contained to the contrary notwithstanding.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on the Loan has been obtained by the Bond Trustee as hereinafter in this Article provided, the Bond Trustee, with the prior written consent of the Bond Insurer, may, by written notice to the Corporation, the Authority and the Master Trustee, rescind and annul such declaration and its consequences if (a) the Corporation has deposited with the Bond Trustee a sum sufficient to pay (1) all overdue installments of interest on the Loan and the Series 2006 Master Notes, (2) the principal of (and premium, if any, on) the Loan and the Series 2006 Master Notes which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor, and (3) all sums paid or advanced by the Bond Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Bond Trustee, its agents and counsel, and (b) all events of default, other than the non-payment of the principal installments of the Loan which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Loan Agreement.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(b) *Right to Bring Suit, Etc.* The Bond Trustee may with the written consent of the Bond Insurer and shall at the direction of the Bond Insurer pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Loan and the Series 2006 Master Notes, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Loan Agreement, to realize on or to foreclose any of its interests or liens under the Loan Agreement, to enforce and compel the performance of the duties and obligations of the Corporation as set forth in the Loan Agreement and to enforce or preserve any other rights or interests of the Bond Trustee under the Loan Agreement existing at law or in equity.

(c) *Exercise of Remedies at Direction of Bondowners.* If requested in writing to do so by the Bond Insurer or the owners of not less than **25%** in principal amount of Bonds Outstanding with the consent of the Bond Insurer and if indemnified as provided in the Bond Indenture, the Bond

Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Section as the Bond Trustee shall deem most expedient in the interests of the bondowners.

Governing Law

The Loan Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

* * *

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

[Closing Date]

Health and Educational Facilities Authority of the State of Missouri
Chesterfield, Missouri

St. Anthony's Medical Center
St. Louis, Missouri

Commerce Bank, N.A.
Kansas City, Missouri,
Bond Trustee

Commerce Bank, N.A.
Kansas City, Missouri,
Master Trustee

UBS Securities LLC
New York, New York,
Underwriter

Ambac Assurance Corporation
New York, New York,
Bond Insurer

Re: $35,000,000 Health and Educational Facilities Authority of the State of Missouri, Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006A, Auction Rate Certificates (ARCs(SM)), and $35,000,000 Health and Educational Facilities Authority of the State of Missouri, Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006B, Auction Rate Certificates (ARCs(SM))

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Health and Educational Facilities Authority of the State of Missouri (the "Authority") of the above-captioned bonds (the "Bonds"), pursuant to the Missouri Health and Educational Facilities Authority Act, Chapter 360 of the Revised Statutes of Missouri, as amended (the "Act"), and a Bond Trust Indenture (the "Bond Indenture"), between the Authority and Commerce Bank, N.A., as trustee (the "Bond Trustee"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Bond Indenture.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Corporation contained in the Loan Agreement and the other Financing Documents and the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Reference is made to an opinion of even date herewith of Lewis, Rice & Fingersh, L.C., counsel to the Corporation and the Obligated Group, with respect to, among other matters, (a) the corporate status and due organization of the Corporation and each other Member, (b) the good standing and qualification to do business of the Corporation and each other Member, (c) the corporate power of the Corporation and each other Member to enter into and perform its obligations under the Loan Agreement and the Series 2006 Master Notes, and (d) the due authorization, execution and delivery of the Loan Agreement and the Series 2006 Master Notes by the Corporation and each other Member and the binding effect and enforceability thereof against the Corporation and each other Member.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and legally binding special obligations of the Authority, payable solely from the loan payments made by the Corporation under the Loan Agreement and payments made by the Obligated Group on the Series 2006 Master Notes and from other funds held by the Bond Trustee and pledged under the Bond Indenture. The Bonds do not constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation and do not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

2. The Bond Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Authority and are valid and legally binding agreements of the Authority, enforceable against the Authority. The Series 2006 Master Notes have been duly endorsed by the Authority to the Bond Trustee and all of the Authority's right, title and interest in the Loan Agreement (except certain rights to indemnification, reimbursement and administrative fees) and the Series 2006 Master Notes have been duly assigned by the Authority to the Bond Trustee under the Bond Indenture for the benefit and security of the Owners of the Bonds.

3. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Moreover, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in this paragraph are subject to the condition that the Authority and the Corporation comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the Corporation have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

4. The interest on the Bonds is exempt from income taxation by the State of Missouri.

Except as set forth above, we express no opinion regarding other federal, state or local income tax consequences arising with respect to the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the

Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The rights of the holders of the Bonds and the enforceability of the Bonds, the Bond Indenture, the Loan Agreement and the Series 2006 Master Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

GILMORE & BELL, P.C.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]

Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

SPECIMEN

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

AUCTION PROCEDURES

[THIS PAGE INTENTIONALLY LEFT BLANK]

SPECIAL PROVISIONS RELATING TO ARCs

Section 100. Certain Definitions. In addition to the terms defined elsewhere in the Bond Indenture, the following terms shall have the following meanings with respect to Bonds while they are ARCs, unless the context otherwise requires:

"All-Hold Rate" means, on any date of determination, the interest rate per annum equal to **90%** during a **7**-day Auction Period and **100%** during a **35**-day Auction Period (as such percentages may be adjusted pursuant to Section 110 of this Exhibit) of the S&P Weekly Index; rounded to the nearest one thousandth (.001) of 1%; provided that in no event shall the All-Hold Rate be more than the Maximum Rate or less than zero.

"Applicable ARCs Rate" has the meaning assigned to such term in Section 102(b) of this Exhibit.

"Applicable Number of Business Days" means the greater of **2** Business Days or one Business Day plus the number of Business Days by which the Auction Date precedes the **1st** day of the next succeeding Interest Period.

"ARCs" means the Bonds outstanding as Auction Rate Certificates prior to their conversion, if ever, to bear interest at Daily Rates, Weekly Rates, CP Rates, Term Rates or a Fixed Rate.

"Auction" means each periodic implementation of the Auction Procedures.

"Auction Agency Agreement" means the Auction Agency Agreement, dated as of June 1, 2006, relating to the ARCs between the Bond Trustee and the Auction Agent, and any similar agreement with a successor Auction Agent, in each case as from time to time amended or supplemented.

"Auction Agent" means any person appointed as such pursuant to Section 112 of this Exhibit.

"Auction Agent Fee" means the fee to be paid to the Auction Agent for the services rendered by it under the Auction Agency Agreement and the Broker-Dealer Agreement.

"Auction Date" means June 29, 2006, with respect to the Series 2006A Bonds and June 30, 2006, with respect to the Series 2006B Bonds, and thereafter, the Business Day immediately preceding the **1st** day of each Interest Period, other than:

(a) each Interest Period commencing after the ownership of the ARCs is no longer maintained in book entry form by the Depository;

(b) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or

(c) any Interest Period commencing less than the Applicable Number of Business Days after the cure or waiver of a Payment Default.

Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed pursuant to Section 114 of this Exhibit.

"Auction Period" means (i) with respect to ARCs 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 a 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 ARCs 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 the initial Auction Period with respect to the Series 2006B Bonds shall begin on and include the Closing Date, and that in the event of a Conversion of the Series 2006B Bonds from another Interest Rate Period to an ARC Interest Rate Period the initial Auction Period following such Conversion shall begin on and include the Conversion Date.

"Auction Procedures" means the procedures set forth in Section 104 of this Exhibit.

"Auction Rate" means the rate of interest per annum on any Auction Date that results from the implementation of the Auction Procedures, and determined as described in Section 104 of this Exhibit.

"Authorized Denominations" with respect to the ARCs means $25,000 and any integral multiple thereof.

"Available ARCs" has the meaning assigned to such term in Section 104(c)(i)(A) of this Exhibit.

"Bid" has the meaning assigned to such term in Section 104(a)(i) of this Exhibit.

"Bidder" has the meaning assigned to such term in Section 104(a)(i) of this Exhibit.

"BMA Index" means on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Bond Market Association ("BMA") or any person acting in cooperation with or under the sponsorship of BMA and effective from such date.

"Broker-Dealer" means UBS Securities LLC or any other broker or dealer (each as defined in the Securities Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that (i) is a Participant (or an affiliate of a Participant), (ii) has a capital surplus of at least $100,000,000, (iii) has been selected by the Corporation with the approval of the Auction Agent and (iv) has entered into a Broker-Dealer Agreement that remains effective.

"Broker-Dealer Agreement" means (a) the Broker-Dealer Agreement, dated as of June 1, 2006, between the Auction Agent and UBS Securities LLC and (b) each other agreement between the Auction Agent and a Broker-Dealer pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, in each case as from time to time amended or supplemented.

"Broker-Dealer Fee" means the fee to be paid to the Broker-Dealers for the services rendered by them under the Broker-Dealer Agreement.

"Business Day" with respect to the ARCs means any day other than April 14, April 15, December 30, December 31, such other dates as may be agreed to in writing by the Auction Agent, the Broker-Dealer, and the Corporation, or a Saturday, Sunday or other day on which banks in the city of New York, New York or the New York Stock Exchange, the Bond Trustee or the Auction Agent are authorized or permitted by law or executive order to close.

"Change of Preference Law" means, with respect to any Holder of ARCs, any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury, after the Date of Delivery which (i) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (ii) imposes or would impose or reduces or would reduce or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any holder of bonds the interest on which is excluded from federal gross income under Section 103 of the Code.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commission" means the Securities and Exchange Commission.

"Date of Delivery" means June 13, 2006.

"Default Rate" on any date of determination means the interest rate per annum equal to the lesser of (a) **12%** per annum, or (b) the Maximum Interest Rate.

"Depository" means DTC or another recognized securities depository selected by the Corporation which maintains a book-entry system for the ARCs.

"DTC" means The Depository Trust Company.

"Existing Holder" means (a) with respect to and for the purpose of dealing with the Auction Agent in connection with an Auction, a Person who is a Broker-Dealer listed in the Existing Holder Registry at the close of business on the Business Day immediately preceding the Auction Date for such Auction and (b) with respect to and for the purpose of dealing with the Broker-Dealer in connection with an Auction, a Person who is a qualified owner of ARCs.

"Existing Holder Registry" means the register maintained by the Auction Agent pursuant to **Section 2.2(a)(i)** of the Auction Agency Agreement.

"Hold Order" has the meaning set forth in Section 104(a)(i) of this Exhibit.

"Initial Interest Payment Date" means June 30, 2006, with respect to the Series 2006A Bonds and July 3, 2006, with respect to the Series 2006B Bonds.

"Initial Interest Period" means the period from and including the Date of Delivery to (but not including) the Initial Interest Payment Date.

"Interest Amount" with respect to the ARCs, means the amount of interest distributable in respect of each $1,000 in principal amount (taken, without rounding, to .0001 of one cent) of ARCs for any Interest Period or part thereof, as calculated in accordance with Section 108 of this Exhibit.

"Interest Payment Date" with respect to the ARCs means the day following the end of each Interest Period (provided, however, that if the duration of the Interest Period is one year or longer, then the Interest Payment Dates therefor shall be each June 1 and December 1 during such Interest Period and the day following the end of such Interest Period) and shall also mean the maturity date for the ARCs. If any such date is not a Business Day, the Interest Payment Date shall be the next succeeding Business Day.

"Interest Period" with respect to the ARCs means (a) with respect to the Series 2006A Bonds the Initial Interest Period and each successive **7**-day period thereafter, commencing on a Thursday (or the Business Day following the last day of the prior Interest Period, if the prior Interest Period does not end on a Wednesday) and ending on (and including) a Wednesday (unless such Wednesday is not followed by a Business Day, in which case such Interest Period will end on the next succeeding day that is followed by a Business Day), (b) with respect to the Series 2006B Bonds the Initial Interest Period and each successive **7**-day period thereafter, commencing on a Wednesday (or the Business Day following the last day of the prior Interest Period, if the prior Interest Period does not end on a Tuesday) and ending on (and including) a Tuesday (unless such Tuesday is not followed by a Business Day, in which case such Interest Period will end on the next succeeding day that is followed by a Business Day), and (c) if the Auction Periods are changed as provided in the Bond Indenture, each period commencing on an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

"Maximum Interest Rate" means the lesser of (a) 12% per annum or (b) the maximum rate of interest permitted by State law.

"Maximum Rate" means on any date of determination, the interest rate per annum equal to the lesser of:

(a) 12% per annum; or

(b) the Maximum Interest Rate;

rounded to the nearest one thousandth (.001) of 1%.

"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 assigned to such term in Section 104(a) of this Exhibit.

"Participant" means a member or participant in the Depository.

"Payment Default" means the failure by the Corporation to make payment of interest on, premium, if any, and principal of the ARCs to Holders when due and a failure of the Bond Insurer to make a payment pursuant to the Bond Insurance Policy.

"Potential Holder" means, any Person (including an Existing Holder that is (a) a Broker-Dealer when dealing with the Auction Agent and (b) a potential beneficial owner when dealing with a Broker-Dealer) who may be interested in acquiring ARCs (or, in the case of an Existing Holder thereof, an additional principal amount of ARCs).

"Record Date" with respect to the ARCs means the Applicable Number of Business Days immediately preceding each Interest Payment Date.

"Redemption Date" means the date fixed for such redemption.

"S&P Weekly Index" means the Standard & Poor's Weekly High Grade Index (formerly J.J. Kenny Index) which is composed of thirty-four MIG-1 rated municipal tax-exempt notes that are not subject to AMT and the coupon of each issue is adjusted to price that component on par and track the high-grade weekly tax-exempt levels.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Sell Order" has the meaning assigned to such term in Section 104(a) of this Exhibit.

"State" means the State of Missouri.

"Submission Deadline" means **1:00 p.m.**, New York City time, on such Auction Date or any other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

"Submission Processing Deadline" means the earlier of (i) 40 minutes after the Submission Deadline and (ii) the time when the Auction Agent begins to disseminate the results of the Auction to the Broker-Dealers.

"**Submission Processing Representation**" shall have the meaning specified in Section 104(f) hereof.

"Submitted Bid" has the meaning assigned to such term in Section 104(c)(i) of this Exhibit.

"Submitted Hold Order" has the meaning assigned to such term in Section 104(c)(i) of this Exhibit.

"Submitted Order" has the meaning assigned to such term in Section 104(c)(i) of this Exhibit.

"Submitted Sell Order" has the meaning assigned to such term in Section 104(c)(i) of this Exhibit.

"Sufficient Clearing Bids" has the meaning assigned to such term in Section 104(c)(i)(B) of this Exhibit.

"Winning Bid Rate" has the meaning assigned to such term in Section 104(c)(i)(C) of this Exhibit.

Section 101. Global Form; Depository.

(a) As provided in the Bond Indenture, the Bonds shall be initially issued as ARCs. Except as otherwise provided in this Section 101, the ARCs, in the form of one Bond for each maturity of each series, shall be registered in the name of the Depository, and ownership thereof shall be maintained in book-entry form by the Depository for the account of the Participants thereof. Initially, the ARCs shall be registered in the name of Cede & Co., as the nominee of DTC. Except as provided in **Subsection (c)**, the ARCs may be transferred, in whole but not in part, only to DTC, or to a successor to DTC selected or approved by the Corporation or to a nominee of such successor Depository.

(b) None of the Authority, the Corporation, the Bond Trustee nor any of their respective affiliates shall have any responsibility or obligation with respect to:

(i) the accuracy of the records of the Depository or any Participant with respect to any beneficial ownership interest in the ARCs;

(ii) the delivery to any Participant, any beneficial owner of the ARCs or any other person, other than the Depository, of any notice with respect to the ARCs; or

(iii) the payment to any Participant, any beneficial owner of the ARCs or any other person, other than the Depository, of any amount with respect to the principal, premium, if any, or interest on the ARCs.

So long as the certificates for the ARCs are not issued pursuant to **Subsection (c)**, the Authority, the Corporation and the Bond Trustee may treat the Depository as, and deem the Depository to be, the absolute owner of the ARCs for all purposes whatsoever, including without limitation:

(i) the payment of principal, premium, if any, and interest on the ARCs;

(ii) giving notices of redemption and other matters with respect to the ARCs;

(iii) registering transfer with respect to the ARCs; and

(iv) the selection of ARCs for redemption.

(c) If at any time the Auction Agent has notified the Corporation that the ARCs should not be maintained in book-entry form or the Depository notifies the Corporation and/or the Authority that

it is unwilling or unable to continue as Depository with respect to the ARCs, or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Corporation within **90** days after the Corporation and/or the Authority receives notice or becomes aware of such condition, as the case may be, then this Section shall no longer be applicable and the Authority shall execute (but need not prepare) and the Bond Trustee shall authenticate and deliver certificates representing the ARCs as provided below. Certificates for the ARCs issued in exchange for a global certificate pursuant to this **Subsection (c)** shall be registered in such names and authorized denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Authority and the Bond Trustee. The Bond Trustee shall promptly deliver such certificates representing the ARCs to the persons in whose names such ARCs are so registered on the Business Day immediately preceding the **1st** day of an Interest Period.

(d) So long as the ownership of the ARCs is maintained in book-entry form by the Depository, an Existing Holder may sell, transfer or otherwise dispose of its beneficial interest in ARCs only pursuant to a Bid or Sell Order placed in any Auction or to or through a Broker-Dealer, provided that (1) 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, and (2) a sale, transfer or other disposition of ARCs from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such ARCs to that Broker-Dealer or another customer of that Broker-Dealer will not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Holder of the ARCs so sold, transferred or disposed of immediately after such sale, transfer or disposition.

Section 102. Interest on ARCs.

(a) Interest on the ARCs shall accrue for each Interest Period and shall be payable in arrears, commencing on the Initial Interest Payment Date and on each Interest Payment Date thereafter.

(b) The rate of interest on the ARCs for the Initial Interest Period shall be the rate or rates of interest per annum as shall be set forth in the Purchase Contract. The rate of interest on the ARCs for each subsequent Interest Period shall be the Auction Rate unless the Auction Rate exceeds the Maximum Rate, in which case, the rate of interest on the respective ARCs for such Interest Period shall be the Maximum Rate, or unless the Maximum Rate shall actually be lower than the All-Hold Rate, in which case the rate of interest on the respective ARCs for such Interest Period shall be the Maximum Rate; provided that if, on any Auction Date, an Auction is not held for any reason, then the rate of interest for the next succeeding Interest Period shall equal the Maximum Rate on such Auction Date. Notwithstanding the foregoing, if:

(i) the ownership of the ARCs is no longer maintained in book-entry form by the Depository, the rate of interest on the ARCs for any Interest Period commencing after the delivery of certificates representing ARCs pursuant to Section 101(c) of this Exhibit shall equal the Maximum Rate on the Business Day immediately preceding the **1st** day of such Interest Period; or

(ii) if a Payment Default occurs, Auctions will be suspended and the Applicable ARCs Rate for the Interest Period commencing on or after such Payment Default and for each Interest Period thereafter to and including the Interest Period, if any, during which, or

commencing less than the Applicable Number of Business Days after, such Payment Default is cured will equal the Default Rate.

The rate per annum at which interest is payable on the ARCs for any Interest Period is herein referred to as the "Applicable ARCs Rate." Notwithstanding anything herein to the contrary, the Applicable ARCs Rate cannot exceed the Maximum Rate.

(c) Notwithstanding anything herein to the contrary, if any ARC or portion thereof has been selected for redemption during the next succeeding Interest Period, said ARC or portion thereof, will not be included in the Auction preceding such Redemption Date, and said ARC or portion thereof, will continue to bear interest until the Redemption Date at the rate established for the Interest Period prior to said Auction.

Section 103. Payments. So long as the ARCs are registered in the name of the Depository, or the nominee thereof, payment (other than at maturity) of interest and premium, if any, on, and of principal at redemption of, the ARCs shall be made to the Depository by wire transfer provided proper wire instructions are received. Each Holder of ARCs, by such Holder's purchase of ARCs, appoints the Bond Trustee as its agent in connection with the payment by such Holder of its share, if any, of the amounts payable to the Auction Agent and the Broker-Dealers pursuant to Section 106 of this Exhibit.

Section 104. Auction Procedures. Auctions shall be conducted on each Auction Date (other than the Auction Date immediately preceding (i) each Interest Period commencing after the ownership of the ARCs is no longer maintained in book-entry form by the Depository; (ii) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or (iii) any Interest Period commencing less than the Applicable Number of Business Days after the cure of a Payment Default). If there is an Auction Agent on such Auction Date, Auctions shall be conducted in the following manner:

(a) <u>Orders by Existing Holders and Potential Holders</u>.

(i) Prior to the Submission Deadline on each Auction Date:

(A) each Existing Holder of ARCs may submit to a Broker-Dealer information as to:

(I) the principal amount of Outstanding ARCs, 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 Interest Period;

(II) the principal amount of Outstanding ARCs, if any, which such Existing Holder offers to sell if the Auction Rate for the next succeeding Interest Period shall be less than the rate per annum specified by such Existing Holder; and/or

(III) the principal amount of Outstanding ARCs, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Interest Period; and

(B) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of ARCs which each such Potential Holder offers to purchase

if the Auction Rate for the next succeeding Interest Period shall not be less than the rate per annum specified by such Potential Holder.

The communication to a Broker-Dealer of information referred to in clause (A)(I), (A)(II), (A)(III) or (B) of this paragraph (i) is hereinafter referred to as an "Order" and collectively as "Orders" and each Existing Holder and each Potential Holder placing an Order is hereinafter referred to as a "Bidder" and collectively as "Bidders;" an Order containing the information referred to in (x) clause (A) (I) of this paragraph (i) is hereinafter referred to as a "Hold Order" and collectively as "Hold Orders," (y) clause (A)(II) or (B) of this paragraph (i) is hereinafter referred to as a "Bid" and collectively as "Bids" and (z) clause (A)(III) of this paragraph (i) is hereinafter referred to as a "Sell Order" and collectively as "Sell Orders."

(ii) (A) Subject to the provisions of **Subsection (b)**, a Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(I) the principal amount of Outstanding ARCs specified in such Bid if the Auction Rate determined as provided in this Section shall be less than the rate specified in such Bid; or

(II) such principal amount or a lesser principal amount of Outstanding ARCs to be determined as set forth in clause (D) of paragraph (i) of **Subsection (d)**, if the Auction Rate determined as provided in this Section shall be equal to the rate specified in such Bid; or

(III) such principal amount or a lesser principal amount of Outstanding ARCs to be determined as set forth in clause (C) of paragraph (ii) of **Subsection (d)** if the rate specified shall be higher than the Maximum Interest Rate and Sufficient Clearing Bids have not been made.

(B) Subject to the provisions of **Subsection (b)**, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(I) the principal amount of Outstanding ARCs specified in such Sell Order; or

(II) such principal amount or a lesser principal amount of Outstanding ARCs as set forth in clause (C) of paragraph (ii) of **Subsection (d)** if Sufficient Clearing Bids have not been made.

(C) Subject to the provisions of **Subsection (b)**, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(I) the principal amount of Outstanding ARCs specified in such Bid if the Auction Rate determined as provided in this Section shall be higher than the rate specified in such Bid; or

(II) such principal amount or a lesser principal amount of Outstanding ARCs as set forth in clause (E) of paragraph (i) of **Subsection (d)** if the

Auction Rate determined as provided in this Section shall be equal to the rate specified in such Bid.

(b) Submissions by Broker-Dealers to the Auction Agent.

(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:

(A) the name of the Bidder placing such Order;

(B) the aggregate principal amount of ARCs that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Holder:

(I) the principal amount of ARCs, if any, subject to any Hold Order placed by such Existing Holder;

(II) the principal amount of ARCs, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(III) the principal amount of ARCs, if any, subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate and amount 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 highest one thousandth (.001) of 1%.

(iii) If an Order or Orders covering all Outstanding ARCs held by any 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 ARCs held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) None of the Authority, the Corporation, 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.

(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 ARCs held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of ARCs held by such Existing Holder, and if the aggregate principal amount of ARCs subject to such Hold Orders exceeds the

aggregate principal amount of ARCs held by such Existing Holder, the aggregate principal amount of ARCs subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding ARCs 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 ARCs held by such Existing Holder over the aggregate principal amount of ARCs subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(II) subject to subclause (I) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Outstanding ARCs subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess and the stated amount of ARCs subject to each Bid with the same rate shall be reduced pro rata to cover the stated amount of ARCs equal to such excess;

(III) subject to subclause (I) and (II) of this clause (B), 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 aggregate principal amount of Outstanding ARCs, if any, subject to Bids not valid under this clause (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 ARCs held by such Existing Holder over the aggregate principal amount of ARCs subject to valid Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for ARCs 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 ARCs not equal to an Authorized Denomination therefor shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of ARCs not equal to an Authorized Denomination therefor shall be rejected.

(viii) Any Bid submitted by an Existing Holder or a Potential Holder specifying a rate lower than the All-Hold Rate shall be treated as a Bid specifying the All-Hold Rate and any such Bid shall be considered as valid and shall be selected in the ascending order of the respective rates in the Submitted Bids.

(ix) An Existing Holder that offers to purchase additional ARCs is, for purposes of such offer, treated as a Potential Holder.

(x) Any Bid specifying a rate higher than the Maximum Interest Rate will (a) be treated as a Sell Order if submitted by an Existing Holder and (b) not be accepted if submitted by a Potential Holder.

(c) Determination of Sufficient Clearing Bids, Auction Rate and Winning Bid Rate.

(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:

(A) the excess of the total principal amount of Outstanding ARCs over the sum of the aggregate principal amount of Outstanding ARCs subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available ARCs"); and

(B) from such Submitted Orders whether:

(I) the aggregate principal amount of Outstanding ARCs subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Rate;

exceeds or is equal to the sum of:

(II) the aggregate principal amount of Outstanding ARCs subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Interest Rate; and

(III) the aggregate principal amount of Outstanding ARCs subject to Submitted Sell Orders

(in the event such excess or such equality exists, other than because the sum of the principal amounts of ARCs in subclauses (II) and (III) above is zero because all of the Outstanding ARCs are subject to Submitted Hold Orders, such Submitted Bids in subclause (I) above are hereinafter referred to collectively as "Sufficient Clearing Bids"); and

(C) if Sufficient Clearing Bids have been made, the lowest rate specified in such Submitted Bids (which shall be 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 ARCs 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 subclause (I) above would continue to hold an aggregate principal amount of Outstanding ARCs which, when added to the aggregate principal amount of Outstanding ARCs to be purchased by such Potential Holders described in subclause (II) above, would equal not less than the Available ARCs.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this **Subsection (c)**, the Auction Agent shall advise the Bond Trustee of the Maximum Rate and the All-Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Interest Period (the "Auction Rate") as follows:

(A) if Sufficient Clearing Bids have been made, that the Auction Rate for the next succeeding Interest Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids have not been made (other than because all of the Outstanding ARCs are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Interest Period shall be equal to the Maximum Rate; or

(C) if all Outstanding ARCs are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Interest Period shall be equal to the All-Hold Rate.

(d) Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of ARCs. Existing Holders shall continue to hold the principal amount of ARCs that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to paragraph (i) of **Subsection (d)**, 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 paragraph (iv) of this **Subsection (d)**, Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) 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 ARCs subject to such Submitted Bids;

(B) 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 ARCs subject to such Submitted Bids;

(C) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Holder to purchase the aggregate principal amount of ARCs subject to such Submitted Bids;

(D) 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 ARCs subject to such Submitted Bid, unless the aggregate principal amount of Outstanding ARCs subject to all such Submitted Bids shall be greater than the principal amount of ARCs (the "remaining principal amount") equal to the excess of the Available ARCs over the aggregate principal amount of ARCs subject to Submitted Bids described in clauses (B) and (C) of this paragraph (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 ARCs subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of ARCs obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding ARCs 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 ARCs subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(E) 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 ARCs obtained by multiplying the excess of the aggregate principal amount of Available ARCs over the aggregate principal amount of ARCs subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding ARCs subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Outstanding ARCs 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 ARCs are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) of this **Subsection (d)**, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bids;

(B) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus requiring each Potential Holder to purchase the aggregate principal amount of ARCs subject to such Submitted Bids; and

(C) Each Existing Holder's Submitted Bid specifying any rate that is higher than the 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 ARCs subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of ARCs obtained by multiplying the aggregate principal amount of ARCs subject to Submitted Bids described in clause (B) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding ARCs 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 ARCs subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding ARCs are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraph (i) or (ii) of this **Subsection (d)**, 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 ARCs that is not equal to an Authorized Denomination therefor the Auction Agent shall, in such manner as it shall, in its sole discretion, determine, round up or down the principal amount of ARCs to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of ARCs purchased or sold by each Existing Holder or Potential Holder shall be equal to an Authorized Denomination therefor, even if such allocation results in one or more of such Potential Holders not purchasing any ARCs.

(e) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of ARCs to be purchased and the aggregate principal amount of ARCs 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 ARCs to be sold differs from such aggregate principal amount of ARCs 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, ARCs.

(f) Broker-Dealers may submit an Order, after the Submission Deadline and prior to the Submission Processing Deadline if the Order was (i) received by the Broker-Dealer from Existing Owners or Potential Owners prior to the Submission Deadline or (ii) initiated internally by the Broker-Dealer for its own account prior to the Submission Deadline. Each Order submitted to the Auction Agent after the Submission Deadline and prior to the Submission Processing Deadline shall constitute a representation by the Broker-Dealer that such Order was (i) received from an Existing Owner or Potential Owner prior to the Submission Deadline or (ii) initiated internally by the Broker-Dealer for its own account prior to the Submission Deadline (the "Submission Processing Representation").

Section 105. Certain Orders Not Permitted. Neither the Authority, the Corporation, the Foundation nor an Affiliate may submit an Order in any Auction. The Auction Agent shall have no duty or liability in monitoring or enforcing compliance with this Section 105.

Section 106. Payment of Service Charges; Notice of Payment Defaults and Cures.

(a) The Corporation shall pay to the Auction Agent, on behalf of the Holders of the ARCs, as Additional Payments under the Loan Agreement (i) when due, an amount equal to the Auction Agent Fee as calculated in the Auction Agency Agreement and (ii) when due, an amount equal to the Broker-Dealer Fee as calculated in the Broker-Dealer Agreement.

(b) By **12:30 p.m.**, New York City time, on the Business Day immediately succeeding each Interest Payment Date, the Bond Trustee will determine if a Payment Default has occurred. If a Payment Default has occurred, the Bond Trustee shall notify the Auction Agent and Broker-Dealer by **1:00 p.m.**, New York City time, on said date. If a Payment Default has been cured, the Bond Trustee shall so notify the Auction Agent and the Broker-Dealer by **5:00 p.m.**, New York City time, on the day such Payment Default is cured.

Section 107. Calculation of the Rates. The Auction Agent shall calculate the Maximum Interest Rate, the Maximum Rate and the All-Hold Rate on each Auction Date. The determination by the Auction Agent of each of such rates will (in the absence of manifest error) be final and binding upon all Holders and upon all other parties. If the ownership of the ARCs is no longer maintained in book-entry form by the Depository, the Bond Trustee shall calculate the Maximum Rate on the Business Day immediately preceding the **1st** day of each Interest Period commencing after the delivery of certificates representing the ARCs pursuant to **Section 101(c)** of this Exhibit. If a Payment Default shall have occurred, the Bond Trustee shall calculate the Default Rate on the **1st** day of (i) each Interest Period commencing after the occurrence and during the continuance of such Payment Default and (ii) any Interest Period commencing less than the Applicable Number of Business Days after the cure of any Payment Default.

Section 108. Computation of Interest. The amount of interest distributable to Holders of ARCs in respect of each $25,000 in principal amount thereof for any Interest Period or part thereof shall be calculated by applying the Applicable ARCs Rate for such Interest Period or part thereof to the principal amount of $25,000, multiplying such product by the actual number of days in the Interest Period or part thereof concerned divided by **365** or **366**, as applicable, and truncating the resultant figure to the nearest one cent. Interest on the ARCs shall be computed by the Bond Trustee on the basis of a **365**-day year for the number of days actually elapsed; except that for any such calculation with respect to an Interest Payment Date occurring after January 1 of a leap year through December 31 of such leap year, such interest (for any day occurring during such period) shall be computed on the basis of a **366**-day year period. In the event an Interest Payment Date occurs in any Interest Period on a date other than the **1st** day of such Interest Period, the Bond Trustee, after confirming the calculation required above, shall calculate the portion of the Interest Amount payable on such Interest Payment Date and the portion payable on the next succeeding Interest Payment Date. The Bond Trustee shall make the calculation required in this Section 108 not later than the close of business on each Auction Date.

Section 109. Notification of Rates, Amounts and Payment Dates.

(a) The Bond Trustee shall determine the aggregate amount of interest distributable on the next succeeding Interest Payment Date to the Holders of the ARCs. So long as the ownership of the ARCs is maintained in book-entry form by the Depository, the Bond Trustee shall advise the Depository of each Record Date for the ARCs at least **2** Business Days prior thereto.

(b) Promptly after the Date of Delivery and promptly after each determination of the rate of interest on ARCs and the Interest Amount and in any event at least **3** days prior to each Interest Payment Date, the Bond Trustee shall:

(i) so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, confirm the Auction Agent's determination of (A) the date of such Interest Payment Date, (B) interest rate applicable to the ARCs for the related Interest Period and (C) the amount payable to the Auction Agent on that Interest Payment Date pursuant to Section 106 and notify the Auction Agent of any discrepancy therein; and

(ii) advise the Depository, so long as the ownership of the ARCs is maintained in book-entry form by the Depository, of the Applicable ARCs Rate and the interest amount calculated in accordance with Section 108 above in respect of the next succeeding Interest Payment Date.

In the event that any day that is scheduled to be an Interest Payment Date shall be changed after the Bond Trustee shall have given the notice referred to in clause (i) of the preceding sentence, not later than **9:15 a.m.**, New York City time, on the Business Day next preceding the earlier of the new Interest Payment Date or the old Interest Payment Date, the Bond Trustee shall, by such means as the Bond Trustee deems practicable, give notice of such change to the Corporation and the Auction Agent, so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository.

Section 110. Adjustment in Percentages.

(a) The Broker-Dealer shall adjust the percentage used in determining the All-Hold Rate, if any such adjustment is necessary, in the judgment of the Broker-Dealer, to reflect any change in market condition. Prior to any such adjustment, the Corporation shall give notice thereof to any rating agency then rating the Bonds, and no such adjustment shall be made unless such adjustment will not adversely affect the rating on the Bonds. In making any such adjustment, the Broker-Dealer shall take the following factors, as in existence both before and after such change in market condition, into account:

(i) short-term taxable and tax-exempt market rates and indices of such short-term rates;

(ii) the market supply and demand for short-term tax-exempt securities;

(iii) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the ARCs;

(iv) general economic conditions; and

(v) economic and financial factors present in the securities industry that may affect or that may be relevant to the ARCs.

(b) The Broker-Dealer shall effectuate an adjustment in the percentage used in determining the All-Hold Rate pursuant to **Subsection (a)** by delivering to the Authority, the Corporation, the Bond Trustee and the Auction Agent at least **10** days prior to the Auction Date on which the Broker-Dealer desires to effect such change a Favorable Opinion of Bond Counsel, the written consent of

the Bond Insurer and a certificate in substantially the form attached hereto as Attachment 1, authorizing the adjustment of the percentage used in determining the All-Hold Rate, which shall be specified in such certificate.

Section 111. Adjustments with Respect to ARC Provisions. Notwithstanding any other provision of the Indenture relating to ARCs, including without limitation the mandatory tender provisions and the definitions of terms used in this Exhibit (including without limitation the definitions of Applicable ARC Rate, Index, All-Hold Rate, Maximum Rate and Default Rate), the ARC provisions may be amended by the Authority at the written request of the Corporation, (i) upon obtaining an Opinion of Counsel that the same does not materially adversely affect the rights of the beneficial owners of the ARCs or (ii) by obtaining the consent of a majority of the beneficial owners of the ARCs 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 beneficial owners of the ARCs, 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 ARCs are subject to Submitted Hold Orders, the proposed amendment shall be deemed to have been consented to by the beneficial owners of the ARCs. Written notice of each such amendment shall be delivered by the Authority to the Bond Trustee, the Corporation, the Auction Agent, and each Broker-Dealer.

Section 112. Auction Agent.

(a) Deutsche Bank Trust Company Americas shall serve as the initial Auction Agent for the ARCs. The Bond Trustee is hereby directed to enter into an agreement with the Auction Agent which shall provide as follows: The Auction Agent shall be (i) 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, The City of New York, and having a combined capital stock, surplus and undivided profits of at least $15,000,000 or (ii) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least $15,000,000 and, in either case, authorized by law to perform all the duties imposed upon it hereunder and under the Auction Agency Agreement. The Auction Agent may resign and be discharged of the duties and obligations created by the Bond Indenture by giving at least **90** days written notice to the Corporation, the Bond Trustee and the Broker-Dealer (**30** days written notice if the Auction Agent has not been paid its fee for more than **30** days after such fee is due). The Auction Agent may be removed at any time by the Bond Trustee if the Auction Agent is an entity other than the Bond Trustee, acting at the direction of (i) the Corporation or (ii) the Holders of **66-2/3%** of the aggregate principal amount of the ARCs, by an instrument signed by the Bond Trustee and filed with the Auction Agent, the Corporation and the Broker-Dealer upon at least **90** days notice; provided that, if required by the Broker-Dealer, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent. If the Auction Agent and the Bond Trustee are the same entity, the Auction Agent may be removed as described above, with the Corporation acting in lieu of the Bond Trustee.

(b) In the event that the Auction Agent shall resign or be removed or 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 Corporation shall use its best efforts to appoint a successor as Auction Agent, and the Bond Trustee shall thereupon enter into an Auction Agency Agreement with such successor.

(c) The Auction Agent shall be acting as agent for the Bond Trustee and the Corporation in connection with Auctions. In the absence of bad faith or negligence on its part, the Auction Agent shall not be

liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

(d) Notwithstanding that the Auction Agent is the agent of the Bond Trustee hereunder and under the Auction Agency Agreement, the Bond Trustee shall not be liable in any way for any action taken, suffered or omitted, or for any error of judgment made by the Auction Agent, whether in the performance of its duties under the Auction Agency Agreement or otherwise, subject to Section 4.4(b) of the Auction Agency Agreement.

Section 113. Broker-Dealers.

(a) The Auction Agent shall enter into a Broker-Dealer Agreement with UBS Securities LLC, as the initial Broker-Dealer. The Corporation may from time to time approve one or more additional persons to serve as Broker-Dealers under Broker-Dealer Agreements.

(b) Any Broker-Dealer may be removed at any time by the Corporation, but there shall, at all times, be at least one Broker-Dealer appointed and acting as such.

Section 114. Changes in Auction Periods or Auction Date.

(a) Changes in Auction Period or Periods.

(i) While any of the Series 2006 Bonds are Outstanding as ARCs, the Broker-Dealer:

(A) in order to conform with then current market practice with respect to similar securities, shall; or

(B) 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 Series 2006 Bonds and with the written consent of the Corporation and the Auction Agent, may change, from time to time, the length of one or more Auction Periods (an **"Auction Period Adjustment"**). The Corporation and the Auction Agent shall not consent to such change in the length of the Auction Period, if such consent is required above, unless the Corporation and the Auction Agent shall have received from the Broker-Dealer not less than **three** days nor more than **20** days prior to the effective date of such change a written request for consent together with a certificate demonstrating the need for change in reliance on such factors. The Broker-Dealer shall initiate the Auction Period Adjustment by giving written notice to the Bond Trustee, the Corporation, the Auction Agent and the Depository at least **10** days prior to the Auction Date for such Auction Period.

(ii) Any such changed Auction Period shall not be less than **7** days.

(iii) The Auction Period Adjustment shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change

was given as provided in this Section 114 and the Auction immediately preceding the proposed change.

(iv) The Auction Period Adjustment shall take effect only if (A) the Bond Trustee receives, by **11:00 a.m.**, New York City time, on the Business Day before the Auction Date for the first such Auction Period, a certificate from the Broker-Dealer, authorizing the Auction Period Adjustment specified in such certificate, and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. If the condition referred to in (A) above is not met, the Applicable ARCs Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in (B) above is not met, the Applicable ARCs Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be the Auction Period determined without reference to the proposed change. In connection with any Auction Period Adjustment, the Auction Agent shall provide such further notice to such parties as is specified in the Auction Agency Agreement.

(v) If Auction Periods are changed as provided herein and if an Auction is scheduled to occur for the next Auction Period on a date that was reasonably expected to be a Business Day, but such Auction does not occur because such date is later not considered to be a Business Day, the Auction shall nevertheless be deemed to have occurred, and the applicable Auction Rate in effect for the next Auction Period will be the Auction Rate in effect for the preceding Auction Period and such Auction Period will generally be **35** days in duration, beginning on the calendar day following the date of the deemed Auction and ending on (and including) a Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding Business Day). If the preceding Auction Period was other than generally **35** days in duration, the Auction Rate for the deemed Auction will instead be the rate of interest determined by the Broker-Dealer on equivalently rated auction securities with a comparable length of auction period.

(b) Changes in the Auction Date. While any of the Series 2006 Bonds are outstanding as ARCs, the Broker-Dealer:

(i) in order to conform with then current market practice with respect to similar securities, shall; or

(ii) in order 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 Series 2006 Bonds and with the written consent of the Corporation and the Auction Agent, may specify an earlier Auction Date (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" with respect to one or more specified Auction Periods. The Corporation shall not consent to such change in the Auction Date, if such consent is required in subparagraph (b)(ii) above, unless the Corporation and the Auction Agent shall have received from the Broker-Dealer not less than **three** days nor more than **20** days prior to the effective date of such change a written request for consent together within a certificate demonstrating the need for change in reliance on such factors. The Broker-Dealer shall provide notice of any determination to specify an earlier Auction

Date for one or more Auction Periods by means of a written notice delivered at least **10** days prior to the proposed changed Auction Date to the Bond Trustee, the Corporation, the Auction Agent and the Depository.

(c) In connection with any change described in this Section 114, the Auction Agent shall provide such further notice to such parties as is specified in Section 2.05 of the Auction Agency Agreement.

(d) No change shall be made to the Auction Period or Auction Date unless the Bond Trustee shall give notice thereof to any rating agency then rating the Series 2006 Bonds, and no change shall be made unless such change will not adversely affect the rating on the Series 2006 Bonds.

Section 115. Credit Ratings. The Corporation shall take all reasonable action necessary to enable at least one nationally recognized statistical rating organization (as that term is used in the rules and regulations of the SEC under the Securities Exchange Act) to provide credit ratings for the ARCs.

Section 116. Notices. The Broker-Dealer or the Corporation shall provide the Bond Trustee with notice of any change in the Maximum Interest Rate.

Section 117. Purchases of ARCs. Neither the Corporation, the Foundation, any other Member nor an Affiliate shall purchase or otherwise acquire ARCs unless such ARCs are redeemed or otherwise cancelled on the day of any purchase.

Section 118. Notice of Payment Default.

(a) If the Corporation determines that a Payment Default has occurred the Corporation shall promptly notify the Bond Trustee thereof.

(b) So long as the ownership of the ARCs is maintained in book-entry form by the Depository, upon the occurrence of a Payment Default the Bond Trustee shall immediately send a notice thereof to the Auction Agent by telecopy or similar means.

(c) So long as the ownership of the ARCs is maintained in book-entry form by the Depository, the Bond Trustee shall immediately send notice to the Auction Agent by telecopy or similar means if a Payment Default is cured.

Section 119. Redemption Dates and Prices. The outstanding ARCs are subject to redemption in accordance with **Article III** of the Bond Indenture.

* * *

ATTACHMENT 1

FORM OF NOTICE OF CHANGE IN PERCENTAGES

$35,000,000
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
OF THE STATE OF MISSOURI
HEALTH FACILITIES REVENUE BONDS
(ST. ANTHONY'S MEDICAL CENTER)
SERIES 2006[A][B]
AUCTION RATE CERTIFICATES (ARCS(SM))

(Used in Determination of the Maximum Rate,
the All-Hold Rate and the Default Rate)

NOTICE IS HEREBY GIVEN that UBS Securities LLC, as Broker-Dealer for the above-identified Bonds, hereby authorizes the adjustment in the percentages used to determine the All-Hold Rate to reflect a change in market conditions as follows:

[Insert description of changes]

Included herewith is a copy of a Favorable Opinion of Bond Counsel to the effect that the adjustment in the percentages is authorized by **Section 110** of **Exhibit B** of the Bond Indenture and will not have an adverse effect on the exclusion of interest on the ARCs from gross income for federal income tax purposes.

UBS SECURITIES LLC

Dated: _____

By: _____
Title: _____

ATTACHMENT 2

FORM OF NOTICE ESTABLISHING CHANGE IN LENGTH OF AUCTION PERIODS

$35,000,000
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
OF THE STATE OF MISSOURI
HEALTH FACILITIES REVENUE BONDS
(ST. ANTHONY'S MEDICAL CENTER)
SERIES 2006[A][B]
AUCTION RATE CERTIFICATES (ARCs(SM))

Notice is hereby given that UBS Securities LLC, as Broker-Dealer for the captioned Bonds, hereby establishes new lengths for one or more Auction Periods pursuant to the Bond Indenture authorizing the captioned Bonds as follows.

(a) The change shall take effect on _____, ____, the date of commencement of the next Auction Period (the "Effective Date").

(b) Interest Payment Dates shall be _____ after the date of this Notice. For the Auction Period commencing on the Effective Date, the Interest Period (and Auction Period) shall be the period commencing on the Effective Date through and including _____, 20__. For Auction Periods occurring after the Auction Period commencing on the Effective Date, the Interest Period (and Auction Period) shall be the period commencing on _____, 20__, through and including _____, 20__, and each ___-day period thereafter commencing on a _____ and ending on (and including) a _____; provided, however, that the length of subsequent Auction Periods shall be subject to further change hereafter as provided in **Section 114** of **Exhibit B** of the Bond Indenture.

(c) The changes described above shall take place only upon delivery of this Notice and the satisfaction of other conditions set forth in the Bond Indenture and our prior notice dated _____, 20__, regarding the proposed change.

(d) Terms not defined in this Notice shall have the meanings set forth in the Bond Indenture relating to the captioned Bonds.

UBS SECURITIES LLC

Dated: _____

By: _____
Title: _____

ATTACHMENT 3

FORM OF NOTICE OF CHANGE IN AUCTION DATE

$35,000,000
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
OF THE STATE OF MISSOURI
HEALTH FACILITIES REVENUE BONDS
(ST. ANTHONY'S MEDICAL CENTER)
SERIES 2006[A][B]
AUCTION RATE CERTIFICATES (ARCS(SM))

Notice is hereby given that UBS Securities LLC, as Broker-Dealer for the captioned Bonds, hereby changes the Auction Date as follows.

(a) The definition of "Auction Date") shall be deemed amended by substituting "_____ (number) Business Day" in the first line thereof and by substituting "_____ (number) Business Days") for "**2** Business Days" in the first line of the definition of "Applicable Number of Business Days."

(b) This change shall take effect on _____, ____, which shall be the Auction Date for the Auction Period commencing on _____, 20__.

(c) The Auction Date for the Bonds shall be subject to further change hereafter as provided in the Bond Indenture.

(d) Terms not defined in this Notice shall have the meanings set forth in the Bond Indenture relating to the captioned Bonds.

UBS SECURITIES LLC

Dated: _____

By: _____
Title: _____

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of **June 1, 2006** (the **"Continuing Disclosure Agreement"**), is executed and delivered by **ST. ANTHONY'S MEDICAL CENTER** on behalf of itself and the Obligated Group, as hereinafter defined (the **"Corporation"**) and **COMMERCE BANK, N.A.**, as dissemination agent (the **"Dissemination Agent"**).

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the **Health and Educational Facilities Authority of the State of Missouri** (the **"Authority"**) of **$35,000,000 Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006A, Auction Rate Certificates (ARCs(SM)),** and **$35,000,000 Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006B, Auction Rate Certificates (ARCs(SM))** (the **"Bonds"**), pursuant to a Bond Trust Indenture dated as of **June 1, 2006** (the **"Bond Indenture"**), between the Authority and **Commerce Bank, N.A.**, as bond trustee (the **"Bond Trustee"**). The proceeds of the Bonds are being loaned by the Authority to the Corporation pursuant to a Loan Agreement dated as of **June 1, 2006**, between the Authority and the Corporation (the **"Loan Agreement"**).

2. The Corporation and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the **"Rule"**). The Corporation is the only **"obligated person"** (as defined in the Rule) with responsibility for continuing disclosure, and the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any Beneficial Owner of the Bonds, with respect to the Rule.

In consideration of the mutual covenants and agreements herein, the Corporation and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the Corporation pursuant to, and as described in, **Section 2** of this Continuing Disclosure Agreement.

"Authority" means the **Health and Educational Facilities Authority of the State of Missouri**, and its successors and assigns or any body, agency or instrumentality of the State of Missouri succeeding to or charged with the powers, duties and functions of the Authority.

"Beneficial Owner" means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Corporation" means **St. Anthony's Medical Center**, a Missouri non-profit corporation, and its successors and assigns.

"Dissemination Agent" means **Commerce Bank, N.A.**, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Corporation.

"Material Events" means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

"National Repository" means 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 in **Exhibit A**.

"Obligated Group" means the Obligated Group as defined in that certain Master Trust Indenture dated as of December 1, 2005, as from time to time amended and supplemented, between the Corporation and Commerce Bank, N.A., as Master Trustee.

"Quarterly Report" means a document or set of documents which (a) identifies the Obligated Persons as of the date of the Quarterly Report, and (b) contains the unaudited financial statements of the Corporation and its controlled affiliated entities, including those Persons which were Obligated Persons during the period reported in such financial statements, for the preceding fiscal quarter of the Corporation and consisting of unaudited consolidated balance sheets as of the end of such quarter and related statements of operations and changes in net assets for such quarter (year to date), including as a part thereof consolidating statements or schedules covering the Obligated Group, all prepared on substantially the same basis as the most recently prepared audited financial statements of the Corporation described in **Section 2(a)(1)** hereof.

"Quarterly Report Date" means the date which is the sixtieth (**60th**) day following the end of each fiscal quarter of the Corporation, commencing with the sixtieth (**60th**) day following the calendar quarter ending June 30, 2006.

"Participating Underwriter" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" means each National Repository and each State Repository, if any.

"Rule" means 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 Repository" means any public or private repository or entity designated by the State of Missouri as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Continuing Disclosure Agreement, there is no State Repository.

Section 2. Provision of Annual and Quarterly Reports.

(a) The Corporation shall, or shall cause the Dissemination Agent to, not later than **180** days after the end of the Corporation's fiscal year, commencing with the year ending June 30, 2006, provide to each Repository the following financial information and operating data (the "**Annual Report**"):

(1) The audited consolidated financial statements of the Corporation (including as a part thereof consolidating statements or schedules covering the Obligated Group) for the prior fiscal year, prepared in accordance with generally accepted accounting principles in the

United States of America. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the fiscal year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit B,** in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Corporation is an **"obligated person"** (as defined by the Rule), which have been provided to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Corporation shall clearly identify each such other document so included by reference.

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 this Section; provided that the audited financial statements of the Corporation 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 the Corporation's fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3(d)**.

(b) Not later than **10** business days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Corporation shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in subsection (a), or (2) provide written notice to the Dissemination Agent that the Corporation has provided the Annual Report to the Repositories.

(c) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the Corporation that it has provided an Annual Report to the Repositories by the date required in subsection (b), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as **Exhibit C**.

(d) 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) unless the Corporation has provided the Annual Report to the Repositories promptly following receipt of the Annual Report and instructions required in subsection (b) above, provide the Annual Report to the Repositories and file a report with the Corporation, the Authority and (if the Dissemination Agent is not the Bond Trustee) the Bond Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

(e) The Corporation shall provide a Quarterly Report to the Dissemination Agent, not later than each Quarterly Report Date.

(f) The Dissemination Agent shall provide the Quarterly Report to each Repository, within **5** business days after receipt thereof from the Corporation.

(g) The Dissemination Agent shall provide the Corporation and the Bond Trustee written confirmation that the Quarterly Report was provided to each Repository in accordance with **Section 2(f)** hereof.

(h) If the Dissemination Agent shall not have received the Quarterly Report by the Quarterly Report Date, the Dissemination Agent shall so notify the Corporation within **5** business days of the Quarterly Report Date, regardless of whether the Dissemination Agent shall have received the Quarterly Report during the period between the Quarterly Report Date and such **5th** business day. Such notice shall be in substantially the form attached hereto as **Exhibit D**.

(i) In addition to the foregoing requirements of this **Section 2**, the Corporation agrees to provide copies of the most recent Annual Report and/or Quarterly Report to any requesting bondholder or prospective bondholder, but only after the same have been delivered to each Repository.

Section 3. Reporting of Material Events.

(a) Pursuant to the provisions of this Section, the Corporation shall give, or cause to be given, to the Dissemination Agent notice of the occurrence of any of the following events with respect to the Bonds, if material ("**Material Events**"):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults;
(3) modifications to rights of bondowners;
(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; or
(11) release, substitution or sale of property securing repayment of the Bonds.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the Corporation or his or her designee, or such other person as the Corporation shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Corporation promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the Corporation determines that such event would not be material under applicable federal securities laws, the Corporation shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).

(c) Whenever the Corporation obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Corporation shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent receives written instructions from the Corporation to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence with each National Repository or the Municipal Securities Rulemaking Board and the State Repository, if any, with a copy to the Corporation. Notwithstanding the foregoing, notice of Material 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 registered owners of affected Bonds pursuant to the Bond Indenture.

Section 4. Termination of Reporting Obligation. The Corporation's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Corporation's obligations under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the Corporation, and the Corporation shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Corporation shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3(d)**.

Section 5. Dissemination Agent. The Corporation may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the Corporation. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Corporation pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is Commerce Bank, N.A.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Corporation and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Corporation and the Dissemination Agent with its written opinion that the undertaking of the Corporation contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Corporation shall describe such amendment or waiver 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 the Corporation. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3(d)**, and (2) 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 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or Quarterly Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Corporation chooses to include any information in any Annual Report or Quarterly Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Corporation shall have no obligation under this

Continuing Disclosure Agreement to update such information or include it in any future Annual Report or Quarterly Report, as the case may be, or notice of occurrence of a Material Event.

Section 8. Default. In the event of a failure of the Corporation or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Bond Trustee may (and, at the request of any Participating Underwriter or the registered owners of at least **25%** aggregate principal amount of Outstanding Bonds, shall), take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Corporation or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Bond Indenture or the Loan Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Corporation or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Corporation 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 the Corporation under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Corporation shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement.

Section 10. Obligated Persons.

(a) In the event that any other person subsequently becomes a Member of the Obligated Group or otherwise becomes an "obligated person" (as defined in the Rule), the Corporation agrees to require such person to enter into a written undertaking to comply with the provisions set forth in this Continuing Disclosure Agreement as a condition of such person becoming a member of the Obligated Group or otherwise becoming an "obligated person".

(b) Any Member of the Obligated Group or "obligated person" (other than the Corporation) reserves the right to terminate its obligation to provide information and notices of Material Events, as set forth above, if and when such person is no longer a Member of the Obligated Group, as applicable, or an "obligated person" with respect to the Bonds within the meaning of the Rule. The Corporation will provide notice of any such termination to the Bond Trustee and each then existing Repository.

Section 11. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed telefax, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the Corporation: **St. Anthony's Medical Center**
10010 Kennerly Road
St. Louis, Missouri 63128
Attention: Chief Financial Officer

To the Dissemination Agent: **Commerce Bank, N.A.**
922 Walnut Street
10th Floor
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

Section 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Authority, the Corporation, the Bond Trustee, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Severability. If any provision in this Continuing Disclosure Agreement, the Bond Indenture, the Loan Agreement or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14. Counterparts. This Continuing 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.

Section 15. Governing Law. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

ST. ANTHONY'S MEDICAL CENTER, on behalf of the Obligated Group

By: _____
Title: Executive Vice President and Chief Financial Officer

COMMERCE BANK, N.A., as Dissemination Agent

By: _____
Title: Authorized Officer

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories

Bloomberg Municipal Repository
Bloomberg Business Park
100 Business Park Drive
Skillman, New Jersey 08558-3629
Phone: (609) 279-3225
Fax: (609) 279-5962
E-Mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Phone: (212) 771-6999 or (800) 689-8466
Fax: (212) 771-7390
E-Mail: NRMSIR@interactivedata.com

Standard & Poor's Repository
55 Water Street, 45th Floor
New York, New York 10041-0003
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-Mail: nrmsir@dpcdata.com

Any notices to or filings with the National Repositories and the State Repository, if any, may be effected by sending the notice or filing to Disclosure USA, in accordance with its published procedures, for further submission by Disclosure USA to the Repositories, as follows:

For electronic submissions: www.DisclosureUSA.org

For paper submissions
(permitted only through December 31, 2007):

Mailing Address: Disclosure USA
P.O. Box 684667
Austin, Texas 78768-4667

Physical Address: Disclosure USA
600 West 8th Street
Austin, Texas 78701

EXHIBIT B

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The following financial information and operating data contained in the described sections or tables contained in **Appendix A** of the final Official Statement (including any accompanying explanations or descriptions necessary to cause such information and operating data not to omit any material fact or necessary to cause such information and operating data not to be misleading):

TABLE 2 - St. Anthony's Medical Center - Bed Complement by Service

TABLE 3 - Medical Staff Composition

TABLE 4 - Admissions by Physician Age Group

TABLE 5 - Top Ten Admitting Physicians

TABLE 6 - Medical Staff Turnover

TABLE 10 - St. Anthony's Historical Information

TABLE 11 - St. Anthony's Medical Center - Percent of Gross Patient Service Revenues

TABLE 13 - Historical and Pro Forma Capitalization

TABLE 14 - Liquidity of the Corporations

TABLE 15 - Pro Forma Debt Service Coverage

EXHIBIT C

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Health and Educational Facilities Authority of the State of Missouri
Name of Bond Issue:	$35,000,000 Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006A, Auction Rate Certificates (ARCs(SM)), and $35,000,000 Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006B, Auction Rate Certificates (ARCs(SM))
Name of Obligated Person:	St. Anthony's Medical Center
Date of Issuance:	June 13, 2006

NOTICE IS HEREBY GIVEN that St. Anthony's Medical Center has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of June 1, 2006, between St. Anthony's Medical Center and Commerce Bank, N.A., as Dissemination Agent. [The Obligated Person has informed the Dissemination Agent that the Obligated Person anticipates that the Annual Report will be filed by _____.]

Dated: _____ ___, _____

COMMERCE BANK, N.A., as Dissemination Agent
on behalf of **ST. ANTHONY'S MEDICAL CENTER**

cc: St. Anthony's Medical Center

EXHIBIT D

NOTICE TO REPOSITORIES OF FAILURE TO FILE QUARTERLY REPORT

Name of Issuer:	Health and Educational Facilities Authority of the State of Missouri
Name of Bond Issue:	$35,000,000 Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006A, Auction Rate Certificates (ARCs(SM)), and $35,000,000 Health Facilities Revenue Bonds (St. Anthony's Medical Center), Series 2006B, Auction Rate Certificates (ARCs(SM))
Name of Obligated Person:	St. Anthony's Medical Center
Date of Issuance:	June 13, 2006

NOTICE IS HEREBY GIVEN that St. Anthony's Medical Center has not provided a Quarterly Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of June 1, 2006, between St. Anthony's Medical Center and Commerce Bank, N.A., as Dissemination Agent. [The Obligated Person has informed the Dissemination Agent that the Obligated Person anticipates that the Quarterly Report will be filed by _____.]

Dated: _____ ___, _____

COMMERCE BANK, N.A., as Dissemination Agent
on behalf of **ST. ANTHONY'S MEDICAL CENTER**

cc: St. Anthony's Medical Center

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

ADVANCED MEDICINE. COMPASSIONATE CARE.

Recycled Paper - Printed by
IMAGEMASTER 800.452.5152