

**LOAN
AGREEMENT**

between

ALLEGHENY COUNTY HOSPITAL DEVELOPMENT AUTHORITY

and

UPMC

Dated as of December 1, 2008

Relating to the
**Allegheny County Hospital Development Authority
University of Pittsburgh Medical Center Revenue Notes, Series 2008**

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of December 1, 2008 (the "**Agreement**") between the **ALLEGHENY COUNTY HOSPITAL DEVELOPMENT AUTHORITY** (the "**Issuer**"), a body corporate and politic duly organized, existing and in good standing under the laws of the Commonwealth of Pennsylvania (the "**Commonwealth**") and **UPMC**, a nonprofit corporation organized under the laws of the Commonwealth (the "**Corporation**").

WITNESSETH:

WHEREAS, the Issuer is a body corporate and politic existing under the laws of the Commonwealth pursuant to the Municipality Authorities Act, as amended (the "**Act**"), having been duly organized by the County of Allegheny; and

WHEREAS, the Corporation has, by authorized corporate action, undertaken a project consisting of financing: (i) the reimbursement of the Corporation for previously incurred capital expenditures for hospital and/or health care facilities, (ii) the financing of certain new capital costs to be incurred by the Corporation, (iii) the refunding of a portion of the Authority's outstanding Hospital Revenue Bonds, Series 1993 (Magee-Womens Hospital) (the "**Prior Debt**"); and (iv) the payment of all or a portion of the related financing costs (collectively, the "**Project**"); and

WHEREAS, the Issuer is authorized under the Act to issue its revenue notes, bonds or other evidence of indebtedness or obligations to finance the Project and the Issuer has determined that the purposes of the Act can be obtained by the Issuer's issuance of notes in order to obtain funds to loan to the Corporation for the foregoing purposes; and

WHEREAS, it has been determined that in order to finance a portion of the Project the Issuer will issue its revenue notes pursuant to a Trust Indenture dated as of December 1, 2008 (the "**Indenture**") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"), in an aggregate principal amount of \$100,000,000, which shall be designated "Allegheny County Hospital Development Authority, University of Pittsburgh Medical Center Revenue Notes, Series 2008" (the "**Notes**"); and

WHEREAS, the Issuer and the Corporation hereby agree to enter into this Agreement, under the terms of which the Issuer will lend the proceeds from the sale of the Notes to the Corporation to finance a portion of the costs of the Project and the Corporation will repay the Loan by making installment payments to the Issuer in an aggregate amount sufficient to pay the principal of, premium, if any, and interest on the Notes as the same become due and payable; and

WHEREAS, the Notes shall be secured by, among other things, the installment payments to be paid pursuant to this Agreement (except for the Unassigned Rights) to the Issuer by the Corporation, which payments are to be assigned to the Trustee; and

WHEREAS, the Notes are limited obligations of the Authority payable solely from the Trust Estate, as defined in the Indenture and neither the principal of the Notes, nor the interest accruing thereon, shall ever constitute a general indebtedness of the Authority or an indebtedness

of the Commonwealth of Pennsylvania or any political subdivision or instrumentality thereof, including the County of Allegheny, within the meaning of any constitutional or statutory provision whatsoever or shall ever constitute or give rise to a pecuniary liability of the Commonwealth of Pennsylvania or any political subdivision or instrumentality thereof, including the County of Allegheny, nor will the Notes be, or be deemed to be, an obligation of the Commonwealth of Pennsylvania or any political subdivision or instrumentality thereof, including the County of Allegheny; and

WHEREAS, as security for its obligation to make payments required under this Agreement, the Corporation has issued and delivered to the Authority, which will assign to the Trustee, two separate promissory notes (collectively, the **"2008C Master Notes"**), (i) one under the terms of and pursuant to the Master Trust Indenture dated as of December 1, 1995 (the **"Original 1995 Master Indenture"**), as supplemented by, among others, a Supplemental Master Trust Indenture No. 49 dated as of December 1, 2008 (the **"Supplemental Master Indenture No. 49"**) and, together with the Original 1995 Master Indenture, as so supplemented, the **"1995 Master Indenture"**), between the Corporation, as obligated group representative, and The Bank of New York Mellon Trust Company, N.A., as master trustee (the **"1995 Master Trustee"**), and (ii) one under the terms of and pursuant to the Master Trust Indenture dated as of May 1, 2007 (the **"Original 2007 Master Indenture"**), as supplemented by, among others, a Supplemental Master Trust Indenture No. 10 dated as of December 1, 2008 (the **"Supplemental Master Indenture No. 10"**) and, together with the Original 2007 Master Indenture, as so supplemented, the **"2007 Master Indenture"**), between the Corporation, as obligated group agent, and The Bank of New York Mellon Trust Company, N.A., as master trustee (the **"2007 Master Trustee"**); and

WHEREAS, the issuance, sale and delivery of the Notes and the execution and delivery of this Agreement have been in all respects duly and validly authorized in accordance with the Act by the resolutions of the Issuer; and

NOW, THEREFORE, in consideration of the promises and of the mutual representations, covenants and agreements herein set forth, the Issuer and the Corporation, each intending to legally bind themselves and their respective successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I

DEFINITIONS - ACCEPTANCE OF INDENTURE

Section 1.01 DEFINITIONS

All terms which are defined in the recitals hereto shall have the meaning assigned to them therein, unless otherwise defined herein or unless the context clearly requires otherwise. Capitalized terms used in this Agreement and not otherwise defined herein, unless the context clearly requires otherwise, shall have the same meanings as set forth in the Indenture.

In addition, the following terms shall have the meanings specified below:

"Audited Financial Statements" means the financial statements of the Corporation prepared in accordance with generally accepted accounting principles which have been examined

and reported on by an Independent Public Accountant (as defined in the 2007 Master Indenture). As of the date of issue of the Notes, such Audited Financial Statements consist of the consolidated financial statements of the Corporation, which include the Corporation and its subsidiaries.

“Code” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary regulations, relating to such section which are applicable to the Notes or the use of the proceeds thereof.

“Costs” with respect to the Project means all expenditures which, under generally accepted accounting principles, consistently applied, would be allocable to the Project and payable from the proceeds of the Notes.

“Fiscal Year” means a period of twelve consecutive months ending on June 30 of each year or such other twelve month period selected by the Corporation.

“GAAP” means generally accepted accounting principles as defined more specifically in Section 1.04 hereof.

“Interest Payment Date” means with respect to the Notes, the first Business Day of each month.

“Loan” means the loan to the Corporation by the Issuer, concurrently with the issuance of the Notes, of the gross proceeds from the sale of the Notes for the purpose of financing the Project.

“Note Financing Documents” means this Agreement, the Indenture, the Notes, the 2008C Master Notes, the 1995 Master Indenture and the 2007 Master Indenture.

“Officer's Certificate” means a certificate signed, in the case of a certificate delivered by the Corporation, by an Authorized Officer of the Corporation or, in the case of a certificate delivered by any other Person, the chief executive officer, chief financial officer or any vice president of such other Person, in either case whose authority to execute such certificate shall be evidenced to the satisfaction of the Trustee.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, a governmental body, agency or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals.

“Unassigned Rights” means the fees and expenses payable to the Issuer under this Agreement, the Issuer's right to indemnification under Section 5.02 of this Agreement, the Issuer's rights to receive notices under the Indenture and the Issuer's right to execute and deliver supplements and amendments to this Agreement.

All definitions of documents herein shall include any and all amendments and supplements thereto and all definitions of Persons shall include their respective successors and assigns.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP in effect from time to time, as modified by Section 1.04 hereof. For the purpose of computing compliance with various ratios contained in this Agreement, unless otherwise specified, the combined or consolidated financial statements of the Corporation shall be used.

Section 1.02 ACCEPTANCE OF INDENTURE

The Corporation acknowledges that it has received an executed copy of the Indenture and that it is familiar with the terms and conditions of the Indenture. The Corporation further covenants that it will comply with all the conditions and covenants contained in the Indenture relating to the Corporation and the Project, and that it will not take any action which would cause a default thereunder or jeopardize the rights of the Trustee, the Issuer or the Noteholders.

Section 1.03 ASSIGNMENT TO TRUSTEE

The Issuer hereby notifies the Corporation, and the Corporation hereby acknowledges, that all of the Issuer's right, title and interest in this Agreement (except Unassigned Rights) and in the 2008C Master Notes are being assigned and pledged to the Trustee as security for the Notes. The Corporation consents to such assignment and acknowledges that the Notes are being issued in reliance by the Trustee upon the assignment of the 2008C Master Notes and the Issuer's rights under this Agreement. The Corporation agrees that it shall perform all obligations and pay all amounts due from the Issuer with respect to the Notes and the Indenture so that at all times there shall be no default thereunder.

ARTICLE II THE PROJECT

Section 2.01 THE PROJECT

The Project consists of financing, through the issuance by the Issuer of the Notes, the costs of:

- (a) reimbursement of prior capital expenditure;
- (b) payment of new capital costs;
- (c) refunding the Prior Debt; and
- (d) payment of costs of issuing the Notes.

Section 2.02 COSTS OF PROJECT

The Corporation agrees and acknowledges that there is no implied or express warranty by the Issuer that the proceeds of the Notes will be sufficient to pay the Costs of the Project.

ARTICLE III LOAN OF NOTE PROCEEDS

Section 3.01 SALE AND DELIVERY OF NOTES

In order to provide the funds necessary to finance the Project as provided for in this Agreement, the Issuer agrees that it will use its best efforts to cause the Notes to be issued, sold and delivered. All proceeds received from the sale of the Notes shall be deposited by the Issuer in trust with the Trustee in accordance with the requirements of the Indenture, for the benefit, however, of the Corporation, and in consideration of such issuance, sale and delivery of the Notes, and such deposit, the Corporation shall apply such funds as provided herein and in the Indenture and shall make the payments specified in Article IV hereof and observe all other conditions and provisions hereof.

Section 3.02 LOAN OF NOTE PROCEEDS

Subject to the conditions hereof, the Issuer will concurrently with the issuance of the Notes lend the proceeds from the sale of the Notes to the Corporation for the purpose of financing the Project.

Section 3.03 USE OF NOTE PROCEEDS

The Issuer shall deposit the proceeds from the sale of the Notes with the Trustee to be expended and deposited all in accordance with the provisions of the Indenture.

Section 3.04 CORPORATION CONTRIBUTION

In the event the Loan should not be sufficient to pay the costs of the Project, the Corporation shall pay those costs in excess of the amount of the Loan.

Section 3.05 SECURITY

This Agreement is a general obligation of the Corporation and the full faith and credit of the Corporation is pledged to the payment of all sums due hereunder. In order to secure the payment of sums required by Article IV hereof and all other sums required to be paid by the terms of this Agreement, the Corporation agrees to issue the 2008C Master Notes to the Issuer, which shall in turn assign the 2008C Master Notes to the Trustee, to secure the payment of principal of, premium, if any, and interest on the Notes.

Section 3.06 CONDITIONS PRECEDENT

The obligation of the Issuer to provide the Loan is subject to the satisfaction of the following conditions:

(a) The representations and warranties set forth herein shall be true and correct on and as of the date of the issuance of the Notes and on such date no Event of Default as hereinafter defined and no condition or act which with the giving of notice or the lapse of time or

both, would constitute such an Event of Default, shall have occurred and be continuing or shall exist;

(b) The Corporation shall furnish to the Issuer an Opinion of Counsel for the Corporation in form and substance satisfactory to the Issuer as to matters which the Issuer shall reasonably request;

(c) All legal details and proceedings in connection with the issuance of the Notes and the making of the Loan shall be in form and substance satisfactory to the Issuer and the Issuer shall have received all originals or certified or other copies of such documents and proceedings in connection therewith in form and substance satisfactory to it as it may reasonably request.

ARTICLE IV INSTALLMENT PAYMENTS

Section 4.01 REPAYMENT OF LOAN

The Corporation hereby covenants and agrees that it shall repay the Loan to the Issuer by making installment payments, in the manner and at the times hereinafter set forth, in sums sufficient to pay the principal of, premium, if any, and interest payable on the Notes, and to pay all other amounts payable under the terms of this Agreement.

Section 4.02 TIME AND MANNER OF REPAYMENT

The Corporation agrees to make the following payments on the following dates:

(a) **Payments Equal to Interest.** Not later than the second Business Day preceding each Interest Payment Date, an amount equal to the interest due on the Notes on such Interest Payment Date.

(b) **Payments Equal to Principal.** On or before the Stated Maturity date, an amount equal to the principal amount of the Notes maturing by their terms on such Stated Maturity date.

(c) **Rebate to the United States.** If there is any amount required to be paid to the United States pursuant to Section 148(f) of the Code, Section 306 of the Indenture and Section 5.06(d) hereof, the Corporation shall pay such amount to the Trustee for deposit to the Rebate Fund created under Section 306 of the Indenture. The Trustee shall submit the payment to the United States upon the Written Request of the Corporation.

(d) **Trustee's Fee.** While the Notes remain Outstanding, the reasonable compensation and expenses of the Trustee under the Indenture and any amounts due under Section 4.02 hereof shall be paid directly to such Trustee by the Corporation upon the receipt by the Corporation of a bill for such services or expenses from the Trustee.

(e) **Issuer's Administrative Fee.** The Corporation shall pay the Issuer a financing application fee in the amount of \$500, a closing fee in the amount of \$35,000 and the Issuer's legal fee of \$5,000 on or before the Closing Date. Commencing on the Closing Date,

and on July 1 of each year thereafter while the Notes remain Outstanding, an amount equal to the Administrative Fee of the Issuer shall be payable by the Corporation. The Administrative Fee shall be in the amount of \$15,000, together with any other administrative expenses (including reasonable legal fees) reasonably incurred by the Issuer in connection with inquiring into, or enforcing, the performance by the Corporation of its obligations hereunder. The payment of any such administrative expenses shall be due within 30 days of receipt of an itemized statement from the Issuer.

Section 4.03 PAYMENT CREDITS

To the extent that any payment required to be made pursuant to Section 4.02 hereof would cause the amount in the Note Fund to exceed the amount required to be transferred by the Trustee from the Note Fund pursuant to the provisions of Article III of the Indenture on or before the next succeeding payment date, the payment required by Section 4.02 hereof shall be reduced so that such excess will not occur. Payments received under the 2008C Master Notes shall be credited against payments required by Section 4.02 hereof.

The Corporation may make all or any part of any payment required by Section 4.02(b) hereof by delivering to the Trustee any Note and having it credited at the face amount to the payment and canceled by the Trustee.

In addition, the Corporation shall be entitled to a credit during the last year of maturity to the extent that any payment required to be made pursuant to Section 4.02(a) or (b) hereof would, together with the amount held by the Trustee in all funds (other than the Rebate Fund) under the Indenture, exceed the principal amount of the Notes Outstanding and the amount of the interest due both at the final maturity date and the interest payment date immediately preceding the final maturity date.

Section 4.04 ADDITIONAL AMOUNTS PAYABLE BY THE CORPORATION

It is the intention of the Issuer and the Corporation that, notwithstanding any other provision of this Agreement, the Trustee, on the Issuer's behalf, shall receive funds from the Corporation at such times and in such amounts as will enable the Issuer to meet all of its obligations under the Notes, including obligations surviving payment of the Notes pursuant to the terms thereof. Accordingly, the Corporation agrees (but such agreement shall not limit the generality of the preceding sentence) that if any additional amounts become payable by the Issuer pursuant to the terms of the Notes to any holder of the Notes, pursuant to the terms of the Indenture, then additional amounts shall be due and payable by the Corporation to the Issuer hereunder equal to any additional amounts that may be payable by the Issuer under the Notes, before or after payment of principal on the Notes, all of which amounts shall be paid by the Corporation on the date that the comparable amounts are due by the Issuer to such owner of the Notes. The Corporation further agrees to pay any other amounts which the Issuer is obligated under the Indenture to pay to the Trustee. The Corporation further agrees to pay all costs and expenses (including reasonable attorney's fees and expenses) of the Authority incurred in connection with the Notes, with the preparation of any responses, reproduction of any documentation or participation in any inquiries, investigations or audits from any person, including without limitation, the Internal Revenue Service, the Securities Exchange Commission or other governmental agency

Section 4.05 PAYMENTS TO TRUSTEE

All installment payments and other amounts payable by the Corporation hereunder shall be paid directly to the Trustee, except that indemnification payments due to the Issuer pursuant to Section 5.02 hereof, the Administrative Fee due to the Issuer pursuant to Section 4.02(e) hereof, or additional payments due the Issuer pursuant to Section 4.04 hereof, shall be paid directly to the Issuer.

Section 4.06 PAYMENTS UNCONDITIONAL; NO DEFENSE OR SET OFF

(a) The obligations of the Corporation to pay the installments and other amounts payable hereunder shall be absolute and unconditional without defense or set off by reason of any default by the Issuer under this Agreement or under any other agreement between the Corporation and the Issuer or for any other reason, including, without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the property, commercial frustration of purpose or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Agreement, it being the intention of the parties that such installment payments and other amounts will be paid in full when due without any delay and will be received by the Issuer and the Trustee as a net sum without deductions, abatements, diminution or set off of any kind whatsoever.

(b) Damage to or destruction of all or any portion of property of the Corporation by fire or any other cause or taking of all or a portion of property of the Corporation by condemnation shall not terminate this Agreement or cause any abatement of or reduction in the payments to be made by the Corporation hereunder, or otherwise alter the respective obligations of the Issuer or the Corporation as set forth herein, except that, to the extent the Net Proceeds are applied by the Trustee to the prepayment of the Notes pursuant to Sections 401(b) and 609 of the Indenture and Section 4.08 hereof, the obligation of the Corporation hereunder shall be reduced accordingly. The Corporation covenants to comply with the requirements of Section 609 of the Indenture and to give written notice to the Trustee of any event described in this Section 4.06 and as required by Section 609 of the Indenture within ten (10) days after the occurrence thereof.

Section 4.07 OPTIONAL PREPAYMENTS BY CORPORATION

The Corporation may prepay all or any portion of the Loan to the same extent and upon the same conditions that the Issuer has the right to prepay or defease all or any portion of the Notes in accordance with the Indenture. Any such amounts prepaid by the Corporation to the Trustee shall be credited against the outstanding balance of the Loan hereunder. Partial prepayments of the Loan made by the Corporation hereunder shall be credited against the obligation of the Corporation to pay amounts equal to the principal due on the Notes in such order as the Corporation shall elect or if no such election is made, in the inverse order thereof. Payments of principal installments and interest falling due shall continue to be made in accordance with Sections 4.01, 4.02(a) and 4.02(b) hereof until the entire outstanding balance of the Loan and all accrued interest have been paid or provision satisfactory to the Trustee has been made for the defeasance of the Notes in accordance with Section 1001 of the Indenture.

If there are sufficient moneys available with the Trustee to meet the payment of principal of, premium, if any, and interest on all the Outstanding Notes and sufficient funds available with the Trustee to meet all remaining obligations of the Corporation to the Issuer and the Trustee, the Trustee shall so notify the Corporation in writing, and the Corporation shall then be relieved of making any further payments hereunder, and this Agreement shall terminate, except for the Corporation's obligation to indemnify the Issuer and the Trustee pursuant to Section 5.02 hereof.

Section 4.08 ACCELERATION OF PAYMENTS; EXTRAORDINARY REDEMPTION

The Corporation shall notify the Issuer and the Trustee promptly of its receipt of any Net Proceeds which are to be applied to the redemption of the Notes pursuant to Section 609 of the Indenture or the 2008C Master Notes pursuant to the 1995 Master Indenture and the 2007 Master Indenture. Any amount so applied shall in turn be deposited to the Note Fund established under the Indenture and be used to make corresponding payments to effect the extraordinary redemption of the Notes pursuant to Section 401(b) of the Indenture.

Prior to any such redemption, the Trustee shall give notice thereof to the Issuer and the Corporation, specifying the date fixed for such redemption and the principal amount of Notes to be redeemed. On or prior to the date fixed for redemption, the Corporation shall pay to the Trustee moneys in an amount sufficient to redeem the Notes at the redemption price set forth in the Indenture.

ARTICLE V WARRANTIES, REPRESENTATIONS AND COVENANTS OF CORPORATION

Section 5.01 GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

The Corporation represents, warrants and agrees that:

(a) All information, representations and warranties set forth in the certificates executed and delivered by the Corporation in connection with the issuance of the Notes by the Issuer are true, correct and complete as of the Closing Date.

(b) The Corporation shall not take any action that would cause the occurrence of an Event of Default hereunder or under the terms of the Indenture.

(c) The Corporation (i) is a nonprofit corporation duly organized and existing under the laws of the Commonwealth; (ii) is recognized as an organization exempt from federal income tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code; and (iii) has the power to own its property and to carry on its business.

(d) The Corporation has full power and authority to execute and deliver the Note Financing Documents executed and delivered by the Corporation, and to incur and perform the obligations provided for therein, all of which have been duly authorized by all proper and necessary action and all material governmental licenses, authorizations, consents and approvals required. No consent or approval of any other Person or public authority or regulatory body (other than the Issuer) is required as a condition to the validity or enforceability of any of the

Note Financing Documents executed and delivered by the Corporation, or if required the same has been duly obtained.

(e) Each of the Note Financing Documents executed and delivered by the Corporation has been properly executed by the Corporation, constitutes the valid and legally binding obligation of the Corporation, and is fully enforceable against the Corporation in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or by general principles of equity or public policy.

(f) There is no litigation or proceeding pending or, so far as the Corporation knows, threatened, before any court or administrative agency which, in the opinion of the Corporation, will materially adversely affect the financial condition or operations of the Corporation or the authority of the Corporation to enter into, or the validity or enforceability of, any of the Note Financing Documents executed and delivered by the Corporation.

(g) There is (i) no provision of any existing mortgage, indenture, contract or agreement binding on the Corporation or affecting its property, and (ii) no law binding upon the Corporation or affecting any of its property, which would conflict in any material respect with or in any way prevent the execution, delivery or performance of any of the Note Financing Documents executed and delivered by the Corporation or which would be in material default or violated in a material respect as a result of such execution, delivery or performance.

(h) The Corporation has filed all federal, state and local tax returns which are required to be filed by the Corporation or has received extensions for filing the same and has paid all taxes as shown on such returns as they have become due. No claims have been assessed, and except for any claims being contested in good faith, no claims are unpaid with respect to such taxes.

(i) There is no default by the Corporation under this Agreement or any other Note Financing Documents and no event has occurred and is continuing, and no condition exists which with notice or the passage of time or both would constitute a default under any thereof.

Section 5.02 INDEMNIFICATION OF ISSUER AND TRUSTEE

The Corporation agrees that the Issuer and the members, officers, employees and agents thereof shall not be liable for and the Corporation covenants and agrees to protect, exonerate, defend, indemnify and save the Issuer and the members, officers, employees, attorneys and agents thereof and the Trustee, its officers, directors, employees and agents, harmless from and against any and all costs, damages or liabilities which may arise out of the issuance of the Notes, the investment of a portion of the proceeds of the Notes held in the funds and accounts established under the Indenture, the operation of the property of the Corporation or arising from any breach or default on the part of the Corporation in the performance of any covenant or agreement on the part of the Corporation to be performed pursuant to the terms of this Agreement or otherwise; and from and against all reasonable costs, counsel fees, expenses and liabilities incurred in or about the defense of any such claims or actions or proceedings brought thereon. The Corporation further agrees to pay the Trustee reasonable compensation for its services under the Indenture and the Agreement, and also all of its reasonable expenses and

disbursements, including reasonable compensation for and expenses of all attorneys and agents engaged by it. The Corporation covenants and agrees to indemnify and hold the Trustee and its directors, officers, agents and employees (collectively, the “**Indemnitees**”) harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim (“**Losses**”) that may be imposed on, incurred by, or assessed against, the Indemnitees or any of them for following any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of this Agreement or the Indenture. In addition to and not in limitation of the immediately preceding sentence, the Corporation also covenants and agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Trustee’s performance under this Agreement or the Indenture provided the Trustee has not acted with negligence or engaged in willful misconduct. The provisions of this Section 5.02 shall survive the termination of this Agreement and the Indenture, the payment or defeasance of the Notes, or the resignation or removal of the Trustee for any reason. The Corporation may, at its cost and in its name or in the name of the Issuer and/or the Trustee, prosecute or take any other action involving third persons which the Corporation deems necessary in order to insure or protect the Corporation’s rights under this Agreement; in such event, the Issuer and the Trustee will reasonably cooperate with the Corporation, but at the sole expense of the Corporation.

The Issuer or Trustee, as the case may be, shall give prompt written notice to the Corporation of any claim asserted against the Issuer, its members, officers, employees, attorneys or agents or the Trustee, its officers, directors, employees or agents, when such claim becomes known and which, if sustained, may result in liability of the Corporation hereunder; provided, however, that the failure by the Issuer or the Trustee to give such notice shall not relieve the Corporation from its obligations to protect, exonerate, defend, indemnify and save the Issuer and its members, officers or employees, attorneys or agents, or the Trustee, its officers, directors, employees, and agents harmless as aforesaid, and in case any action or proceeding be brought against the Issuer, its members, officers, employees, attorneys or agents or the Trustee, its officers, directors, employees or agents, by reason of any such claim, the Corporation, upon notice as aforesaid, covenants and agrees diligently to resist or defend such action or proceedings; provided, however, that the indemnified party or parties will cooperate and assist, at the expense of the Corporation, in the defense of such action or proceeding if reasonably requested to do so by the Corporation. The Corporation shall not settle any action or proceeding involving the Issuer or the Trustee without the written consent, as applicable, of the Issuer and the Trustee, which consent shall not be unreasonably withheld.

Notwithstanding anything contained herein to the contrary, the Corporation shall not be obligated to indemnify or hold harmless the Issuer or its members, officers, employees, attorneys or agents for its or their gross negligence or willful misconduct or the Trustee and the Trustee’s officers, directors and employees for their or its negligence or willful misconduct.

Section 5.03 REPORTS AND AUDITS

The Corporation shall:

(a) as soon as practicable but in no event later than five months after the end of each of its Fiscal Years, file with the Trustee and the Issuer Audited Financial Statements of the Corporation prepared as of the end of such Fiscal Year;

(b) as soon as practicable but in no event later than five months after the end of each Fiscal Year, file with the Trustee, the Initial Note Purchaser, and the Issuer an Officer's Certificate stating whether to the best knowledge of the signers the Corporation is in default in the performance of any covenant contained in this Agreement and, if so, specifying each such default of which the signers may have knowledge;

(c) if an Event of Default shall have occurred and be continuing, (i) file with the Trustee, the Initial Note Purchaser, and the Issuer such other financial statements and information concerning the operations and financial affairs of the Corporation (or of any consolidated group of companies of which the Corporation is a member) as the Trustee, the Initial Note Purchaser, or the Issuer may from time to time reasonably request, and (ii) provide access to the facilities of the Corporation for the purpose of inspection by the Trustee, the Initial Note Purchaser, or the Issuer during regular business hours or at such other times as the Trustee or the Issuer may reasonably request.

Section 5.04 TAXES AND CLAIMS

The Corporation shall pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or on its income or properties prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a lien or charge upon any of its properties, provided that the Corporation shall not be required to pay any such tax, assessment, charge, levy or claim, the payment of which is being contested in good faith and by proper proceedings, so long as the security for the Notes is not, in the opinion of the Trustee, materially impaired during the period of contest.

Section 5.05 COMPLIANCE WITH LAWS

The Corporation shall comply with all applicable federal, state and local laws, rules, regulations and orders of any governmental authority, subject to its right to contest the same in good faith.

Section 5.06 TAX EXEMPT NOTE COVENANTS

(a) The Corporation hereby covenants and agrees that:

(i) it shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Notes shall, for purposes of federal income taxation, be and remain excludable from the gross income of the recipients thereof and that it will refrain from doing or performing any act or thing that will cause such interest not to be so excludable;

(ii) it will not make any investment or other use of the proceeds (as that term is defined in Section 148 of the Code and all applicable regulations promulgated thereunder) of the Notes which would cause the Notes to be "arbitrage bonds" (as that term is defined in Section 148 of the Code and all applicable regulations promulgated thereunder), and that it will comply with the requirements of such Code section and regulations throughout the term of the Notes; and

(iii) it will not take or omit to take any action that would cause the Notes to lose their status as "qualified 501(c)(3) bonds" or "qualified hospital bonds", as applicable, within the meaning of Section 145 of the Code.

(b) The Corporation hereby covenants that the average maturity of the Notes does not exceed 120% of the average reasonably expected economic life of the facilities financed or refinanced with the net proceeds of the Notes.

(c) Interest with respect to the Notes is not guaranteed (in whole or in part) by the United States or any agency or instrumentality thereof; no portion of the proceeds of the Notes are to be (a) used in making loans the payment of principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), or (b) invested (directly or indirectly) in federally insured deposits or accounts except to the extent permitted under Section 149(b)(3) of the Code which provides exceptions which include (i) investments during any initial temporary period permitted under Section 148 of the Code, such as for certain construction periods, until such proceeds are needed for the purpose for which the Notes were issued; (ii) investments in a bona fide debt service fund, within the meaning of Section 149(b)(3) of the Code, (iii) investments in a reasonably required reserve or replacement fund, within the meaning of Section 148(d) of the Code or (iv) investments in obligations issued by the United States Treasury; and the payment of principal of or interest on the Notes is not otherwise indirectly guaranteed (in whole or in part) by the United States or any agency or instrumentality thereof.

(d) The Corporation hereby covenants that it will (i) take all actions required by and pay all amounts due under the instructions contained in the Tax Regulatory Certificate regarding compliance with the provisions of Section 148 of the Internal Revenue Code, (ii) perform the functions contained in Section 306 of the Indenture, and (iii) deliver to the Trustee (and the Issuer in the case of paragraph (A) below), in accordance with the Tax Regulatory Certificate,

(A) a written statement, with appropriate supporting schedules, of the amount, if any, determined as of any computation date specified in the Tax Regulatory Certificate to be payable to the United States government with respect to the Notes pursuant to Section 148(f) of the Code (which written statement and supporting schedules may be prepared by the Corporation or by an accounting, consulting or financial advisory firm retained by it for such purpose), and

(B) sufficient funds for deposit in the Rebate Fund to make any payment required to be made under Section 148(f) of the Code, as

disclosed in the written statement delivered pursuant to (A) above, accompanied by such related documentation as may be required to be filed with such payment; and will retain records of all determinations made pursuant to the foregoing with regard to the Notes until six years after the retirement of the last Note.

Section 5.07 INSURANCE

The Corporation will maintain, or cause to be maintained, insurance covering such risks and in such amounts as is required by the 2007 Master Indenture.

Section 5.08 OBSERVANCE OF TERMS OF DOCUMENTS

The Corporation shall comply with all of the terms and conditions and covenants applicable to the Corporation contained in this Agreement and the Indenture. At all times while the Notes are secured by the 2008C Master Notes, the Corporation covenants to comply with the requirements of the 1995 Master Indenture and the 2007 Master Indenture.

Section 5.09 COVENANT WITH NOTEHOLDERS

The Issuer and the Corporation agree that this Agreement is executed in part to induce the purchase by others of the Notes, and accordingly, all representations, warranties, covenants and agreements on the part of the Corporation and the Issuer as set forth herein are declared to be for the benefit of the Trustee and the Registered Owners from time to time of the Notes and their respective successors and assigns.

Section 5.10 INVESTMENTS

The Issuer and the Corporation agree that all moneys in any fund established under the Indenture may be invested in such Investment Securities as the Corporation may direct in writing or orally, as confirmed in writing; provided, however, that any such directions shall conform to the requirements of the Indenture. The Trustee is hereby authorized to trade with itself and its affiliates in the purchase and sale of securities as provided in Section 807 of the Indenture.

Section 5.11 FILINGS TO PROTECT SECURITY INTEREST IN TRUST ESTATE

The Corporation hereby agrees to file and refile such instruments as shall be necessary to preserve the lien of the Indenture upon the Trust Estate or any part thereof granted in the Indenture until the principal of and interest on the Notes shall have been paid and to furnish satisfactory evidence to the Trustee of recording, registering, filing, continuation, and refiling of such instruments and of every additional instrument which shall be necessary to preserve the lien of the Indenture upon the Trust Estate or any part thereof until the principal of and interest on the Notes shall have been paid.

ARTICLE VI DEFAULTS AND REMEDIES

Section 6.01 EVENTS OF DEFAULT BY CORPORATION

The occurrence of any of the following shall constitute an "Event of Default" hereunder:

(a) Failure by the Corporation to make any payments under Section 4.02 of this Agreement when due; or

(b) Failure by the Corporation to make any payment hereunder or in the performance of or compliance with any of the material provisions, warranties, covenants, agreements, terms or conditions contained in this Agreement, other than those specified in (a) above, which continues for thirty (30) days following written notice thereof to the Corporation from the Issuer or the Trustee except in the case of a default which cannot be cured within such thirty (30) days, in which case the period shall be extended for such time as is reasonable to cure the same with due diligence, provided the Corporation commences such performance or compliance within thirty (30) days and proceeds diligently to cure the same; or

(c) The occurrence of an Event of Default under the Indenture, the 1995 Master Indenture, the 2007 Master Indenture or the 2008C Master Notes; or

(d) An order or decree shall be entered appointing a receiver, receivers, custodian or custodians for any of the revenues of the Corporation, or approving a petition filed against the Corporation seeking reorganization of the Corporation under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Corporation, shall not be vacated or discharged or stayed on appeal within 120 days after the entry thereof; or

(e) Any proceeding shall be instituted, with the consent or acquiescence of the Corporation, or any plan shall be entered into by the Corporation, for the purpose of effecting a composition between the Corporation and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or Commonwealth statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from any part or all of the amounts payable by the Corporation under this Agreement; or

(f) The Corporation (i) files a petition in bankruptcy or under Title 11 of the United States Code, as amended, (ii) makes an assignment for the benefit of its creditors or (iii) consents to the appointment of a receiver, custodian or trustee for itself or for the whole or any part of the revenues of the Corporation from which the payments by the Corporation under this Agreement may be made; or

(g) If (i) the Corporation is adjudged insolvent by a court of competent jurisdiction, (ii) on a petition in bankruptcy filed against the Corporation, the Corporation is adjudged as bankrupt or (iii) an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the Corporation, a receiver, custodian or trustee of the Corporation or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 120 days from the date of entry thereof; or

(h) The Corporation shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(i) Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Corporation or of the whole or any substantial part of its property, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control.

Unless and until the Issuer or the Trustee shall have exercised any remedies upon an Event of Default, the Corporation (or any other Person on behalf of the Corporation) may at any time (a) pay all accrued unpaid payments then due and owing on the outstanding balance of the Loan and all other sums which the Corporation is obligated to pay hereunder; and (b) cure all other existing defaults hereunder, and in every such case, such payment and cure shall be deemed to constitute a waiver of the default and its consequences as though the default had not occurred.

Section 6.02 REMEDIES UPON EVENT OF DEFAULT

Upon the occurrence of an Event of Default:

(a) Subject to Section 6.03 hereof, the entire outstanding balance of the Loan and any other sums which the Corporation is obligated to pay to the Issuer hereunder shall immediately be due and payable; provided, however, that the Trustee shall have declared the acceleration of the Notes in accordance with the Indenture.

(b) The Trustee, after ten (10) days notice to the Corporation, may, but shall not be required to, perform for the account of the Corporation any covenant of the Corporation hereunder in the performance of which the Corporation is in default or make any payment for which the Corporation is in default. The Corporation shall pay to the Trustee upon demand any reasonable amount paid by it in the performance of such covenant and any amounts which the Trustee shall have paid by reason of failure of the Corporation to comply with any covenant or provision of this Agreement, including reasonable counsel fees and expenses incurred in connection with prosecution or defense of any proceedings instituted by reason of default of the Corporation, together with interest at a rate equal to the lesser of the highest rate permitted by applicable law and the cost of the money to the Trustee, from the date of payment until repayment by the Corporation.

(c) The Issuer and the Trustee, as assignee, may pursue any other right or remedy available at law or in equity.

Section 6.03 REMEDIES OF ISSUER

In addition to the rights of the Trustee under Section 6.02 hereof, the Issuer shall have the right to proceed against the Corporation for payment of Administrative Fees pursuant to Section 4.02(e) hereof, for the additional payments due the Authority pursuant to Section 4.04 hereof, and for indemnification pursuant to Section 5.02 hereof.

Section 6.04 WAIVER OF ERRORS AND EXEMPTIONS

The Corporation hereby waives and releases all technical errors, defects and imperfections whatsoever of a procedural nature in the entering of any judgment or any process

or proceedings arising out of this Agreement. The Corporation also waives the benefit of any law which now or hereafter might authorize the stay of any execution to be issued or any judgment recovered hereunder or the exemption of any property from levy or sale thereunder.

Section 6.05 NO REMEDY EXCLUSIVE

No right or remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other right or remedy herein or by law provided, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity or by statute.

Section 6.06 NO WAIVER IMPLIED

No waiver by the Issuer or the Trustee of any breach by the Corporation of any of its obligations, agreements or covenants hereunder shall be a waiver of any subsequent breach or of any obligation, agreement or covenant, nor shall any forbearance by the Issuer or the Trustee to seek a remedy for any breach by the Corporation be a waiver by the Issuer or the Trustee of its rights and remedies with respect to any subsequent breach.

Section 6.07 AGREEMENT TO PAY ATTORNEY'S FEES AND EXPENSES

In the event the Corporation should default under any of the provisions of this Agreement and the Issuer or the Trustee (in its own name or in the name and on behalf of the Issuer) should employ attorneys or incur other expenses for the collection of the payments required hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation will, on demand therefor, pay to the Issuer or the Trustee (as the case may be) the reasonable fees and expenses of such attorneys and such other reasonable fees and expenses so incurred.

**ARTICLE VII
MISCELLANEOUS**

Section 7.01 REPRESENTATIONS AND COVENANTS OF ISSUER

The Issuer represents, warrants and agrees that:

(a) It is a public body corporate and politic constituting an instrumentality of the Commonwealth and is authorized under the Act to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Issuer has duly authorized the execution and delivery of this Agreement and will do or cause to be done all things necessary to preserve and keep it in full force and effect.

(b) The execution and delivery by the Issuer of the Notes, this Agreement and the Indenture and compliance with the provisions of such instruments will not conflict with or constitute a breach of, or default under, any indenture, commitment, agreement or other instrument to which the Issuer is a party or by which it is bound, or, as presently construed, any constitutional or statutory provision, or rule, regulation, ordinance, judgment, order or decree to which the Issuer or any of its property, is subject.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending or, to the best of its knowledge, threatened against the Issuer (nor is there any basis therefor) (i) which in any way questions the powers of the Issuer to enter into this transaction, or the validity of the proceedings taken by the Issuer in connection with the issuance of the Notes, (ii) wherein an unfavorable decision, ruling or finding would materially adversely affect the transaction contemplated by this Agreement, the Indenture or the Notes or (iii) which in any way would adversely affect the validity or enforceability of the Notes, this Agreement or the Indenture (or of any other instrument required or contemplated for use by or of it, in consummating the transactions contemplated thereby or hereby).

Section 7.02 ASSIGNMENT

The Corporation will not assign all or any part of its obligations under this Agreement to another Person or Persons; provided that the Corporation may assign all or a part of the Corporation's obligations under this Agreement to another Person or Persons subject to the requirement that (a) the assignee assumes in writing all of the obligations of the Corporation, or in the case of an assignment of a part of the Corporation's obligations under this Agreement, that portion of the obligations assigned, under this Agreement; and (b) there is delivered to the Trustee and the Issuer prior to the consummation of such assignment a Favorable Opinion to the effect that such assignment is permitted hereunder and does not subject the interest payable on the Notes to United States income taxes, cause the Notes to be deemed "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder, or cause the Notes to no longer qualify as "501(c)(3) bonds" or "hospital bonds", as applicable, within the meaning of Section 145 of the Code and the regulations thereunder. Every assignee shall be bound by all of the covenants and agreements of the Corporation herein. Upon satisfaction with the preconditions to assignment contained in this Section 7.02 and the execution and delivery of such documents as are reasonably necessary to effect such assignment, the Corporation shall no longer be liable for such portion of its obligations under this Agreement properly assigned to another Person or Persons.

Section 7.03 TERM OF AGREEMENT

Except as provided in Section 5.02 hereof, this Agreement shall remain in full force and effect for a term commencing on the date of the issuance of the Notes and terminating at such time as there are no Notes Outstanding under the provisions of the Indenture; provided, however, that this Agreement and the obligation of the Corporation to make payments pursuant to the provisions of Article IV hereof shall continue following the discharge of the Notes until such time as any amounts due to the Internal Revenue Service for rebate required by the Indenture and the Tax Regulatory Certificate and any other amounts due under this Agreement have been satisfied.

Section 7.04 NOTICES

Except as otherwise provided in this Agreement, all notices, directions, certificates, requests, requisitions and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when received following mailing, addressed as follows or hand delivered to the following addresses:

If to the Issuer:

Allegheny County Hospital Development Authority
425 Sixth Avenue, Suite 800
Pittsburgh, Pennsylvania 15219
Attention: Authorities Manager

If to the Corporation:

UPMC
U.S. Steel Tower
600 Grant Street
Pittsburgh, Pennsylvania 15219
Attention: Treasurer

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
525 William Penn Place, 7th Floor
Pittsburgh, PA 15259
Attn: Institutional Trust Services

If to the Initial Note Purchaser:

RBC Capital Markets Corporation
Three World Financial Center
200 Vesey Street
New York, NY 10281-8098
Attn: Andrew Sanford

If to the 1995 Master Trustee or the 2007 Master Trustee:

The Bank of New York Mellon Trust Company, N.A.
525 William Penn Place, 7th Floor
Pittsburgh, PA 15259
Attn: Institutional Trust Services

A copy of each notice, direction, certificate, request or other communication given hereunder to the Issuer, the Corporation or the Trustee shall also be given to the others. Any of the foregoing may, by notice given hereunder, designate any further or different addresses to which subsequent notices, directions, certificates, requests or other communications shall be sent.

Section 7.05 PARTIES IN INTEREST

This Agreement shall inure to the benefit of the Issuer, the Corporation, the Trustee and their respective successors and permitted assigns, and shall be binding upon the Issuer, the Corporation and their respective successors and permitted assigns, and no other Person, other

than the Trustee, the Issuer, and the Noteholders and their respective successors and assigns, shall have any right, remedy or claim under or by reason of this Agreement; provided, however, that, except as provided in the Act, neither the Issuer, the Commonwealth nor any political subdivision thereof shall be liable for the payment of the principal of or interest on the Notes or for the performance of any pledge, mortgage, obligation or agreement created by or arising out of this Agreement or the issuance of the Notes, and, further, that neither the Notes nor any such obligation or agreement of the Issuer shall be construed to constitute an indebtedness of the Issuer, the Commonwealth, the County or any political subdivision thereof or a charge against their general credit or taxing powers within the meaning of any constitutional or statutory provisions whatsoever, but shall be limited obligations of the Issuer payable solely out of the Trust Estate, including the revenues derived from this Agreement, or from the sale of the Notes or income earned on invested funds, as provided herein and in the Indenture. It is further understood and agreed by the Corporation, that the Issuer shall incur no pecuniary liability hereunder, and shall not be liable for any expenses related hereto, including administrative expenses and fees and disbursements of Bond Counsel retained in connection herewith, all of which expenses the Corporation has agreed to pay. The Issuer has no taxing power.

Section 7.06 SURVIVAL OF COVENANTS, CONDITIONS AND REPRESENTATIONS

All covenants, conditions and representations of the Corporation contained herein which, by nature, impliedly or expressly involve performance in any particular manner after the settlement of the Loan or which cannot be ascertained to have been performed until after settlement shall survive such settlement.

Section 7.07 AMENDMENTS

(a) Except for the amendments provided for by Section 7.07(b) hereof, this Agreement may not be amended except in accordance with Article IX of the Indenture as evidenced by an instrument in writing signed by the parties.

(b) Section 5.06(c) hereof concerning the Corporation's obligation to comply with the rebate requirements of Section 148(f) of the Code, may be amended by an instrument in writing signed by the parties hereto in the event that the Corporation delivers to the Trustee an Officer's Certificate accompanied by a Favorable Opinion addressed to the Trustee to the effect that amendments to such section are necessary or desirable to comply with the provisions of Section 148(f) of the Code.

(c) The Corporation shall reimburse the Issuer and the Trustee for all reasonable costs and expenses, including, without limitation, reasonable attorney's fees and expenses, paid or incurred by the Issuer or the Trustee in connection with any amendments or modifications of this Agreement or to the Indenture and any document, instrument or agreement related hereto or thereto, and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modifications. A copy of any amendments shall be sent by the Corporation to the Rating Service.

Section 7.08 SEVERABILITY

If any clause, provision or section of this Agreement shall be ruled invalid, illegal or unenforceable for any reason, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Agreement shall be construed as if such clause, provision or section had not been contained herein.

Section 7.09 COUNTERPARTS

This Agreement may be executed in several counterparts, any or all of which shall constitute one and the same instrument.

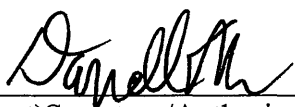
Section 7.10 APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

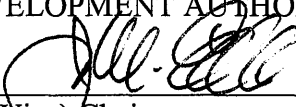
(Remainder of this page intentionally left blank. Signature page follows.)

IN WITNESS WHEREOF, the ALLEGHENY COUNTY HOSPITAL DEVELOPMENT AUTHORITY and UPMC have caused this Loan Agreement to be duly executed as of the day and year first above written.

ATTEST:

By: 
~~(Assistant) Secretary~~ Authorized Designate

ALLEGHENY COUNTY HOSPITAL
DEVELOPMENT AUTHORITY

By: 
~~(Vice) Chairman~~

ATTEST:

By: 
Authorized Officer

UPMC

By: 
Authorized Officer