NEW ISSUE – BOOK-ENTRY ONLY **Ratings: See "RATINGS" herein.**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series A Bonds, the Series B Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds (hereinafter defined, and collectively, the "Bonds") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "TAX MATTERS" herein.

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

$102,300,000	$168,275,000	$83,625,000	$108,275,000	$80,935,000
Revenue Bonds	**Revenue Bonds**	**Revenue Bonds**	**Revenue Bonds**	**Revenue Bonds**
Yale New Haven Health	**Yale New Haven Health**	**Yale New Haven Health**	**Yale New Haven Health**	**Yale New Haven Health**
Issue, Series A	**Issue, Series B**	**Issue, Series C**	**Issue, Series D**	**Issue, Series E**

The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Bonds will be made in book-entry-only form. The Series A Bonds and the Series E Bonds will be in the denomination of $5,000 or any integral multiple thereof, and the Series B Bonds, while bearing interest at a LIBOR-Based Rate, and the Series C Bonds and the Series D Bonds, while bearing interest at the Weekly Rate, will be in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof. Purchasers of beneficial interests will not receive certificates representing their interests in the Bonds. So long as Cede & Co. is the Owner of a series of the Bonds, as nominee of DTC, references herein to the Owners of such series or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such series of Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. Principal of and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, as trustee for each series of Bonds (the "Trustee"), so long as DTC or its nominee, Cede & Co., is the Bondowner. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants, as more fully described herein.

The Bonds will be special obligations of the State of Connecticut Health and Educational Facilities Authority (the "Authority") secured under the provisions of the applicable Trust Indenture, each dated as of June 1, 2014 (each, an "Indenture"), and each by and between the Authority and the Trustee, payable solely from the Revenues (as defined herein) of the Authority paid to the Trustee for the account of the Authority by Yale-New Haven Health Services Corporation ("HSC"), in accordance with the provisions of the applicable Loan Agreement, each dated as of June 1, 2014 (each, an "Agreement"), and each by and between the Authority and HSC. To secure its obligations under each Agreement, HSC and the other Members (as defined herein) of the Obligated Group (as defined herein) will issue a note under and pursuant to the Master Indenture (as defined herein), in the respective principal amount of the related series of Bonds (each a "Note," and collectively, the "Notes"). Each Note shall be secured by a lien on Gross Revenues (as defined in the Master Indenture) of the Members. The obligation of HSC to make payments pursuant to each Agreement, and the obligations of the Obligated Group to make payments pursuant to each Note, are absolute and unconditional.

The Series A Bonds and the Series E Bonds will bear interest at the rates and mature on the dates as set forth on the inside cover hereof. Interest on the Series A Bonds and the Series E Bonds will be payable on January 1 and July 1, commencing January 1, 2015. The Series B Bonds initially will bear interest at a LIBOR-Based Rate, as initially determined by Barclays Capital Inc., and thereafter by the Calculation Agent, as more fully described herein. Interest on the Series B Bonds will be payable on the first Business Day of each month, commencing on July 1, 2014. The Series C Bonds and the Series D Bonds initially will bear interest at the Weekly Rate as determined initially by Barclays Capital Inc., and thereafter by the applicable Remarketing Agent, as more fully described herein. Interest on the Series C Bonds and the Series D Bonds will be payable on the first Wednesday of each calendar month, commencing July 2, 2014, so long as such Bonds bear interest at the Weekly Rate. The Series B Bonds, the Series C Bonds and the Series D Bonds may be outstanding in various interest rate modes, in which such Bonds may bear interest at a Commercial Paper Rate, a LIBOR-Based Rate, a SIFMA-Based Rate, a Bank Purchase Rate, a Daily Rate, a Weekly Rate, a Monthly Rate, a VRO Rate, a Quarterly Rate, a Semiannual Rate, a Term Rate or a Fixed Rate as determined in accordance with the applicable Indenture.

The Bonds are subject to optional and mandatory redemption prior to maturity at par in certain circumstances as set forth herein. The Series B Bonds, the Series C Bonds and the Series D Bonds are also subject to tender for purchase at par prior to maturity in certain circumstances as set forth herein.

This Official Statement is generally intended to provide disclosure to the purchasers of the Series A Bonds and the Series E Bonds, to the purchasers of the Series B Bonds only while the Series B Bonds bear interest at a LIBOR-Based Rate, and to the purchasers of the Series C Bonds and the Series D Bonds only while the Series C Bonds and the Series D Bonds bear interest at the Daily Rate or the Weekly Rate. In the event HSC elects to have the Series B Bonds, the Series C Bonds or the Series D Bonds converted to a different interest rate mode, HSC expects to circulate or cause to be circulated a revised disclosure document relating thereto.

Upon their purchase of the Series E Bonds, the initial owners of the Series E Bonds shall consent and shall be deemed to have consented to certain amendments to the Bridgeport Master Indenture (as defined herein). See "INTRODUCTION – Amendment and Restatement of Bridgeport Master Trust Indenture" herein.

The Series C Bonds and the Series D Bonds are each separately secured by an irrevocable direct pay letter of credit (each a "Letter of Credit," and together, the "Letters of Credit") issued by JPMorgan Chase Bank, N.A. in the case of the Series C Bonds, and by Bank of America, N.A. in the case of the Series D Bonds.

The Letters of Credit will permit the Trustee to draw an amount sufficient to pay, as due, the principal of and up to 35 days' interest on the Series C Bonds bearing interest at a Daily Rate or a Weekly Rate and the principal of and up to 43 days' interest on the Series D Bonds bearing interest at a Daily Rate or a Weekly Rate, in each case at the maximum rate of 12%, and the Purchase Price of Bonds of the applicable series tendered for purchase and not remarketed. The Letter of Credit securing the Series C Bonds will expire on May 2, 2016, and the Letter of Credit securing the Series D Bonds will expire on June 23, 2017, in each case, unless sooner terminated or extended. Each Letter of Credit may be replaced by a substitute Credit Facility, as described herein.

The Bonds are not and shall not be deemed to constitute a debt or liability of, or a pledge of the faith and credit of, the State of Connecticut or any political subdivision thereof, but shall be payable solely from the Revenues derived by the Authority under the applicable Agreement and the applicable Note. Neither the faith and credit nor the taxing power of the State of Connecticut or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The State of Connecticut Health and Educational Facilities Authority Act does not in any way create a so-called moral obligation of the State of Connecticut to pay debt service in the event of a default by HSC, the Obligated Group, or the Authority. The Authority has no taxing power.

The Bonds are offered when, as, and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of the legality of the Bonds by Hawkins Delafield & Wood LLP, Hartford, Connecticut and New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its Special Counsel, Carmody Torrance Sandak & Hennessey LLP, Stamford, Connecticut, for the Obligated Group by its General Counsel and by its counsel, Manatt, Phelps & Phillips, LLP, New York, New York, and for the Underwriters by their counsel, Greenberg Traurig, LLP, Boston, Massachusetts. It is expected that the Bonds will be available for delivery to DTC in New York, New York or its custodial agent, on or about June 23, 2014.

Barclays

J.P. Morgan

May 29, 2014

$102,300,000 State of Connecticut Health and Educational Facilities Authority
Revenue Bonds, Yale New Haven Health Issue, Series A

Maturities, Amounts, Interest Rates, Yields, and CUSIP Numbers

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP Number†	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP Number†
2026	$11,215,000	5.0%	2.92%*	20774YQQ3	2031	$14,315,000	5.0%	3.44%*	20774YQV2
2027	11,775,000	5.0	3.04*	20774YQR1	2032	11,950,000	5.0	3.51*	20774YQW0
2028	12,365,000	5.0	3.15*	20774YQS9	2033	8,790,000	5.0	3.56*	20774YQX8
2029	12,990,000	5.0	3.24*	20774YQT7	2034	5,270,000	5.0	3.60*	20774YQY6
2030	13,630,000	5.0	3.36*	20774YQU4					

$168,275,000 State of Connecticut Health and Educational Facilities Authority
Revenue Bonds, Yale New Haven Health Issue, Series B

Due July 1, 2049
Initial Interest Rate Mode: LIBOR-Based Rate
Initial LIBOR-Based Rate Period: One Month
Initial Applicable Percentage: 67%
Initial Applicable Spread: 55 basis points
Initial Scheduled Mandatory Tender Date: July 1, 2019
Initial Earliest Redemption Date: January 1, 2019
Price 100.00% CUSIP Number†: 20774YQP5

$83,625,000 State of Connecticut Health and Educational Facilities Authority
Revenue Bonds, Yale New Haven Health Issue, Series C

Due July 1, 2025
Initial Interest Rate Mode: Weekly Rate
Price 100.00% CUSIP Number†: 20774YQM2

$108,275,000 State of Connecticut Health and Educational Facilities Authority
Revenue Bonds, Yale New Haven Health Issue, Series D

Due July 1, 2048
Initial Interest Rate Mode: Weekly Rate
Price 100.00% CUSIP Number†: 20774YQN0

$80,935,000 State of Connecticut Health and Educational Facilities Authority
Revenue Bonds, Yale New Haven Health Issue, Series E

Maturities, Amounts, Interest Rates, Yields, and CUSIP Numbers

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP Number†	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP Number†
2015	$2,225,000	3.0%	0.150%	20774YQZ3	2025	$3,615,000	5.0%	2.790%*	20774YRK5
2016	2,375,000	4.0	0.300	20774YRA7	2026	3,795,000	5.0	2.920*	20774YRL3
2017	2,470,000	4.0	0.630	20774YRB5	2027	3,985,000	5.0	3.040*	20774YRM1
2018	2,570,000	5.0	1.000	20774YRC3	2028	4,185,000	5.0	3.150*	20774YRN9
2019	2,695,000	5.0	1.360	20774YRD1	2029	4,390,000	5.0	3.240*	20774YRP4
2020	2,830,000	5.0	1.720	20774YRE9	2030	4,610,000	3.5	3.687	20774YRQ2
2021	2,975,000	5.0	2.060	20774YRF6	2031	4,775,000	5.0	3.440*	20774YRR0
2022	3,120,000	5.0	2.300	20774YRG4	2032	5,010,000	5.0	3.510*	20774YRS8
2023	3,280,000	5.0	2.490	20774YRH2	2033	5,260,000	5.0	3.560*	20774YRT6
2024	3,440,000	5.0	2.650	20774YRJ8	2034	5,515,000	5.0	3.600*	20774YRU3

$7,815,000 4.0% Term Bonds due July 1, 2037 Yield 4.017% CUSIP Number†: 20774YRV1

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* Yield to first optional redemption date of July 1, 2024.

† The CUSIP (Committee on Uniform Securities Identification Procedures) numbers set forth above have been assigned by an organization not affiliated with the Obligated Group, the Authority, the Underwriters or the Trustee, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondowners and no representation is made as to the correctness of the CUSIP numbers herein. CUSIP numbers assigned to the Bonds may be changed during the term of such Bonds based on a number of factors including but not limited to the refunding or defeasance of such issue or the use of secondary market financial products. None of the Members, the Authority, the Underwriters or the Trustee has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers herein.

No dealer, broker, salesman or other person has been authorized by the Authority, the Obligated Group or the Underwriters to give any information or to make any representation with respect to the Bonds other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. Certain information contained herein has been obtained from the Obligated Group, the Credit Facility Providers, DTC and other sources. Neither the Authority nor the Underwriters make any representation as to the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or of the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the operating results and financial condition of the Obligated Group, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the Authority, the Obligated Group or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Obligated Group. These forward-looking statements speak only as of the date of this Official Statement. The Obligated Group disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Obligated Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE OBLIGATED GROUP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

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INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning the State of Connecticut Health and Educational Facilities Authority (the "Authority") and the Yale New Haven Health System ("YNHHS" or the "System"), including information concerning Yale-New Haven Health Services Corporation ("HSC"), Yale-New Haven Hospital, Inc. ("Yale-New Haven Hospital"), Bridgeport Hospital ("Bridgeport Hospital"), Bridgeport Hospital Foundation, Inc. ("BH Foundation"), Northeast Medical Group, Inc. ("NEMG"), and Yale-New Haven Care Continuum Corporation d/b/a The Grimes Center (the "Grimes Center"), the $102,300,000 aggregate principal amount of the Authority's Revenue Bonds, Yale New Haven Health Issue, Series A (the "Series A Bonds"), the $168,275,000 aggregate principal amount of the Authority's Revenue Bonds, Yale New Haven Health Issue, Series B (the "Series B Bonds"), the $83,625,000 aggregate principal amount of the Authority's Revenue Bonds, Yale New Haven Health Issue, Series C (the "Series C Bonds"), the $108,275,000 aggregate principal amount of the Authority's Revenue Bonds, Yale New Haven Health Issue, Series D (the "Series D Bonds"), and the $80,935,000 aggregate principal amount of the Authority's Revenue Bonds, Yale New Haven Health Issue, Series E (the "Series E Bonds," and together with the Series A Bonds, the Series B Bonds, the Series C Bonds and the Series D Bonds, the "Bonds"), which Bonds were authorized by a resolution adopted by the Authority on March 19, 2014 (the "Resolution").

The Series A Bonds will be dated their date of delivery and secured by and issued in accordance with the provisions of a Trust Indenture, dated as of June 1, 2014 (the "Series A Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Series A Trustee"). The proceeds of the Series A Bonds will be loaned by the Authority to HSC pursuant to a Loan Agreement, dated as of June 1, 2014, by and between the Authority and HSC (the "Series A Agreement"). The Series B Bonds will be dated their date of delivery and secured by and issued in accordance with the provisions of a Trust Indenture, dated as of June 1, 2014 (the "Series B Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Series B Trustee"). The proceeds of the Series B Bonds will be loaned by the Authority to HSC pursuant to a Loan Agreement, dated as of June 1, 2014, by and between the Authority and HSC (the "Series B Agreement"). The Series C Bonds will be dated their date of delivery and secured by and issued in accordance with the provisions of a Trust Indenture, dated as of June 1, 2014 (the "Series C Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Series C Trustee"). The proceeds of the Series C Bonds will be loaned by the Authority to HSC pursuant to a Loan Agreement, dated as of June 1, 2014, by and between the Authority and HSC (the "Series C Agreement"). The Series D Bonds will be dated their date of delivery and secured by and issued in accordance with the provisions of a Trust Indenture, dated as of June 1, 2014 (the "Series D Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Series D Trustee"). The proceeds of the Series D Bonds will be loaned by the Authority to HSC pursuant to a Loan Agreement, dated as of June 1, 2014, by and between the Authority and HSC (the "Series D Agreement"). The Series E Bonds will be dated their date of delivery and secured by and issued in accordance with the provisions of a Trust Indenture, dated as of June 1, 2014 (the "Series E Indenture," and together with the Series A Indenture, the Series B Indenture, the Series C Indenture and the Series D Indenture, the "Indentures"), by and between the Authority and U.S. Bank National Association, as trustee (the "Series E Trustee," and together with the Series A Trustee, the Series B Trustee, the Series C Trustee and the Series D Trustee, or in any case, the "Trustee"). The proceeds of the Series E Bonds will be loaned by the Authority to HSC pursuant to a Loan Agreement, dated as of June 1, 2014, by and between the Authority and HSC (the "Series E Agreement," and together with the Series A Agreement, the Series B Agreement, the Series C Agreement and the Series D Agreement, the "Agreements"). The obligation of HSC to make payments pursuant to each Agreement is absolute and unconditional.

To secure its obligations under each Agreement, HSC, on behalf of itself and the other Members (hereinafter defined) of the Obligated Group (hereinafter defined), will issue a note to the applicable Trustee, as assignee of the Authority, pursuant to the Master Trust Indenture, dated as of February 1, 2013, and to become effective on the date of issuance of the Bonds (the "Master Indenture"), by and among the Members and U.S. Bank National Association, as master trustee (the "Master Trustee"), and the applicable Supplemental Master Indenture, each dated as of June 1, 2014 (each, a "Supplemental Master Indenture"), and each by and between HSC and the Master Trustee, in the respective principal amount of the Series A Bonds, the Series B Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds, as applicable (each a "Note," and collectively, the "Notes"), which Notes will provide for payments by the Obligated Group to the Authority in the amounts and at the times sufficient to provide for the payments due on the applicable Agreement securing the applicable series of Bonds. Each Note shall be secured on a parity basis by a lien on Gross Revenues of the Obligated Group as set forth in the Master Indenture and as described herein.

The descriptions, summaries and excerpts of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. See APPENDIX C-1 – "DEFINITIONS OF CERTAIN TERMS FOR THE FIXED RATE BONDS" and APPENDIX C-2 – "DEFINITIONS OF CERTAIN TERMS FOR THE VARIABLE RATE BONDS" for definitions of certain words and terms used herein. See APPENDIX D-1 – "EXCERPTS FROM THE FIXED RATE INDENTURES" and APPENDIX D-2 – "EXCERPTS FROM THE VARIABLE RATE INDENTURES" for excerpts from the Indentures, and see APPENDIX E-1 – "EXCERPTS FROM THE FIXED RATE AGREEMENTS" and APPENDIX E-2 – "EXCERPTS FROM THE VARIABLE RATE AGREEMENTS" for excerpts from the Agreements. See APPENDIX F – "FORM OF MASTER INDENTURE" for the form of the Master Indenture.

The Obligated Group. HSC, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, the Grimes Center and any entity hereafter becoming a party to the Master Indenture (other than the Master Trustee and its successors) are referred to herein individually as "Members" and jointly as the "Obligated Group." HSC and each Member is a part of YNHHS, an integrated regional healthcare delivery system, together with other entities, including Greenwich Hospital and certain other affiliates of HSC. However, Greenwich Hospital and certain other members of the System are not Members of the Obligated Group. Important information on the financial condition of the Obligated Group is set forth in APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP," APPENDIX B-1 – "CONSOLIDATED FINANCIAL STATEMENTS OF YALE-NEW HAVEN HEALTH SERVICES CORPORATION AND SUBSIDIARIES FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012," APPENDIX B-2 – "UNAUDITED FINANCIAL INFORMATION FOR THE OBLIGATED GROUP," and APPENDIX B-3 – "UNAUDITED FINANCIAL STATEMENTS OF YALE-NEW HAVEN HEALTH SERVICES CORPORATION AND SUBSIDIARIES FOR THE FIVE-MONTH PERIODS ENDED FEBRUARY 28, 2014 AND 2013" attached hereto, which should be read in their entirety.

The Bonds. The Bonds are to be issued pursuant to the State of Connecticut Health and Educational Facilities Authority Act, Chapter 187 of the General Statutes of Connecticut, Sections 10a-1 76 to 10a-198, inclusive, as amended (the "Act"), and other applicable provisions of law and will be secured and issued in accordance with the applicable Indentures. The Bonds initially will be issued in the form of one registered Bond for each maturity of each series and will be delivered to Cede & Co. as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will represent to the Authority that it will maintain a book-entry system for recording ownership interests of its participants (the "DTC Participants"), in the case of the Series A Bonds and the Series E Bonds, in denominations of $5,000 or any integral multiple thereof, in the case of the Series B Bonds while bearing interest at a LIBOR-Based Rate, and in the case of the Series C Bonds and the Series D Bonds while bearing interest at the Daily Rate or the Weekly Rate, in denominations of $100,000 or any integral multiple of $5,000 in excess thereof, and that the ownership interest of a purchaser of a beneficial interest in the Bonds (the "Beneficial Owner") will be recorded through book entries on the records of the DTC Participants. Beneficial Owners will not receive any certificates representing their interest in the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds will be subject to optional and sinking fund redemption prior to maturity, as described herein. The Series B Bonds are multi-modal bonds, initially bearing interest at a LIBOR-Based Rate as described herein.

The Series C Bonds and the Series D Bonds are also multi-modal bonds, initially bearing interest at the Weekly Rate as described herein. The Series B Bonds, the Series C Bonds and the Series D Bonds will be subject to mandatory and, in the case of the Series C Bonds and the Series D Bonds, optional, tender for purchase and conversion to other interest rate modes, as described herein. This Official Statement is generally intended to provide disclosure to the purchasers of the Series A Bonds and the Series E Bonds, to the purchasers of the Series B Bonds only while the Series B Bonds bear interest at a LIBOR-Based Rate, and to the purchasers of the Series C Bonds and the Series D Bonds only while such Bonds bear interest at the Daily Rate or the Weekly Rate.

Use of Proceeds. The proceeds of the Bonds will be used to (i) refund the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series J-1 (the "Series J-1 Bonds"), the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series K (the "Series K Bonds"), the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series L (the "Series L Bonds"), and the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series M (the "Series M Bonds," and together with the Series J-1 Bonds, the Series K Bonds and the Series L Bonds, the "Refunded Bonds"), (ii) finance the construction, renovation, improvement and equipping of certain facilities of Yale-New Haven Hospital and Bridgeport Hospital, and (iii) pay the costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF FINANCE" herein.

Other Financing Plans. Concurrently with the issuance of the Bonds, HSC is expected to issue its Taxable Bonds, Series 2014 in the aggregate principal amount of $50,725,000 (the "Taxable Bonds"). The Taxable Bonds are being offered pursuant to a separate offering document and will be secured by a note issued under the Master Indenture, which note will be secured by a lien on Gross Revenues on a parity with the liens securing the Notes. The proceeds of the Taxable Bonds will be used to finance and refinance the costs of projects and activities in furtherance of the "exempt purposes" (as defined in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended) of the Members. The issuance of the Bonds is not contingent upon the issuance of the Taxable Bonds.

Springing Master Trust Indenture. In connection with the issuance on February 14, 2013, of the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series O (the "Series O Bonds"), the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series N (the "Series N Bonds") and Yale-New Haven Hospital's Taxable Bonds, Series 2013 (the "Series 2013 Taxable Bonds," and together with the Series O Bonds and the Series N Bonds, the "YNHH Bonds"), the purchasers of the YNHH Bonds consented to the future implementation of the Master Indenture, including the substitution of the notes securing the obligations of Yale-New Haven Hospital with respect to such YNHH Bonds with replacement notes issued pursuant to the Master Indenture. Concurrently with the issuance of the Bonds, the Obligated Group will implement the Master Indenture with respect to the YNHH Bonds and issue three replacement notes pursuant thereto securing Yale-New Haven Hospital's obligations under each of the applicable loan agreements or indentures securing such YNHH Bonds. The Obligated Group also will issue a note pursuant to the Master Indenture securing Yale-New Haven Hospital's obligations with respect to the reimbursement agreement with Wells Fargo Bank, N.A. relating to a letter of credit securing the Series O Bonds. The liens on Gross Revenues securing such notes shall be on a parity with the liens securing the Notes and the note expected to be issued to secure the Taxable Bonds, as further described under "Security and Sources of Payment for the Bonds" below. Upon the issuance of the Bonds, and the concurrent defeasance of the Refunded Bonds, the Master Indenture will become effective.

Amendment and Restatement of Bridgeport Master Trust Indenture. The obligations of HSC pursuant to the Series E Agreement securing the portion of the Series E Bonds allocated to finance improvements to the facilities of Bridgeport Hospital, as further described herein, will initially be secured by a note (the "Bridgeport Series E Note") issued by Bridgeport Hospital pursuant to the Master Trust Indenture, dated as of May 1, 2012 (the "Bridgeport Master Indenture"), by and among Bridgeport Hospital, BH Foundation and U.S. Bank National Association, as master trustee (the "Bridgeport Master Trustee"), as supplemented with respect to the Series E Bonds by the Supplemental Master Trust Indenture No. 2, dated as of June 1, 2014, by and between Bridgeport Hospital and the Bridgeport Master Trustee. The Bridgeport Series E Note will be secured by a lien on gross revenues (as described in the Bridgeport Master Indenture) of Bridgeport Hospital and BH Foundation (together, the "Bridgeport Obligated Group") on a parity with the lien securing the note (the "Bridgeport Series D Note," and together with the Bridgeport Series E Note, the "Bridgeport Obligations") issued to secure the Bridgeport Obligated Group's obligations with respect to the Authority's outstanding Revenue Bonds, Bridgeport Hospital Issue, Series D, issued on May 31, 2012 (the "Bridgeport Series D Bonds," and together with the Series E Bonds, the

"Bridgeport Bonds"), pursuant to the Bridgeport Master Indenture. ***By their purchase of the Series E Bonds, the initial owners of the Series E Bonds and all subsequent owners of the Series E Bonds***: (i) shall consent to and approve, and shall be deemed to have consented to and approved, the amendment and restatement, and thus the replacement, of the Bridgeport Master Indenture by the Master Indenture, in the form attached hereto as Appendix F; (ii) shall waive, and shall be deemed to have waived, any and all other formal notice, timing, informational, signature or procedural requirements that may otherwise be set forth in the Bridgeport Master Indenture with respect to the amendment and supplement thereof, including as may be required in order to implement the Master Indenture; and (iii) shall appoint the Trustee as their agent, and direct the Trustee, as the agent for the holders of the Bridgeport Series E Note, to execute all instruments necessary to reflect the original purchasers' consent to the Master Indenture. ***Upon the issuance of the Series E Bonds and the purchase and acceptance of the Series E Bonds by the initial owners thereof***, the holders of more than a majority in aggregate principal amount of all Obligations Outstanding under the Bridgeport Master Indenture will have approved the Master Indenture, the Bridgeport Master Indenture will be replaced by the Master Indenture, the Bridgeport Master Indenture will no longer be effective, and the Master Indenture will become effective. See Appendix F – "FORM OF MASTER INDENTURE" for the form of the Master Indenture. The note issued pursuant to the Master Indenture to replace the Bridgeport Series E Note is one of the Notes described above. The note issued pursuant to the Master Indenture to replace the Bridgeport Series D Note will be secured by a lien on Gross Revenues of the Obligated Group on parity with the liens on Gross Revenues securing the Notes and the note expected to be issued to secure the Taxable Bonds, as further described under "Security and Sources of Payment for the Bonds" below.

Security and Sources of Payment for the Bonds. The Bonds are special obligations of the Authority payable from Revenues of the Authority received from HSC under the terms of the applicable Agreement. Under the Agreements, the proceeds of the Bonds will be loaned by the Authority to HSC. Pursuant to each Agreement, HSC will be obligated to provide amounts which will be sufficient to enable the Authority to pay the principal of, premium, if any, and interest on the applicable series of Bonds.

As security for such payments by HSC with respect to each Agreement, the Obligated Group will cause to be delivered to the applicable Trustee a Note issued under the Master Indenture, as supplemented by the applicable Supplemental Master Indenture. Each Note will constitute a joint and several obligation of the Members and any other entities which may hereafter become Members of the Obligated Group.

As security for the Notes, each Member has granted to the Master Trustee, for the benefit of the holders of the Notes, a lien on and security interest in its Gross Revenues. Such liens and security interests are on parity with the liens and security interests securing the notes to be issued to secure the Obligated Group's obligations with respect to the Series N Bonds, which are currently outstanding in the approximate aggregate principal amount of $44.8 million, the Series O Bonds, which are currently outstanding in the approximate aggregate principal amount of $50 million, the reimbursement agreement related to the letter of credit securing the Series O Bonds, the Series 2013 Taxable Bonds, which are currently outstanding in the approximate aggregate principal amount of $132 million, and the Bridgeport Series D Bonds, which are currently outstanding in the approximate aggregate principal amount of $34.4 million (collectively, the "Prior Obligation Notes"), and each Letter of Credit (as hereinafter defined), the 2014 Hedge Agreement (as hereinafter defined), and the Taxable Bonds (together, the "Concurrent Notes," and collectively with the Notes and the Prior Obligation Notes, the "2014 Notes"), and any future obligation of a Member issued pursuant to the Master Indenture. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Selected Operating Information - Outstanding Indebtedness." Additional obligations secured on a parity with respect to the lien on Gross Revenues securing the 2014 Notes and other indebtedness of the Members may be issued subject to the restrictions set forth in the Master Indenture. See APPENDIX F – "FORM OF MASTER INDENTURE" under the section heading "Permitted Indebtedness." The Bonds will not be secured by a mortgage lien on or other security interest in any real or tangible personal property of any Member. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Letters of Credit. On the date of delivery of the Series C Bonds, HSC will cause to be delivered to the Series C Trustee an irrevocable direct-pay letter of credit (the "Series C Letter of Credit") issued by JPMorgan Chase Bank, N.A. (the "Series C Credit Facility Provider"), pursuant to the Letter of Credit and Reimbursement Agreement, dated as of June 1, 2014 (the "Series C Reimbursement Agreement"), by and between HSC and the Series C Credit Facility Provider. Under the Series C Letter of Credit, the Series C Credit Facility Provider will be

obligated to pay to the Series C Trustee for so long as the Series C Bonds bear interest at a Daily Rate or a Weekly Rate (a) the principal of and up to 35 days' interest on the Series C Bonds, when due; and (b) the Purchase Price of the Series C Bonds tendered for purchase by the registered owners thereof and not remarketed. The Series C Letter of Credit will expire on May 2, 2016, unless earlier terminated or extended, as described herein. On the date of delivery of the Series D Bonds, the Obligated Group will cause to be delivered to the Series D Trustee an irrevocable direct-pay letter of credit (the "Series D Letter of Credit," and together with the Series C Letter of Credit, the "Letters of Credit") issued by Bank of America, N.A. (the "Series D Credit Facility Provider," and together with the Series C Credit Facility Provider, the "Credit Facilities Providers"), pursuant to the Reimbursement Agreement, dated as of June 1, 2014 (the "Series D Reimbursement Agreement," and together with the Series C Reimbursement Agreement, the "Reimbursement Agreements"), by and between HSC and the Series D Credit Facility Provider. Under the Series D Letter of Credit, the Series D Credit Facility Provider will be obligated to pay to the Series D Trustee for so long as the Series D Bonds bear interest at a Daily Rate or a Weekly Rate (a) the principal of and up to 43 days' interest on the Series D Bonds, when due; and (b) the Purchase Price of the Series D Bonds tendered for purchase by the registered owners thereof and not remarketed. The Series D Letter of Credit will expire on June 23, 2017, unless earlier terminated or extended, as described herein. As security for HSC's obligations under each Reimbursement Agreement, the Obligated Group will cause to be delivered to each Credit Facility Provider a note issued pursuant to the Master Indenture, secured by a lien on Gross Revenues on a parity with the liens on Gross Revenues securing the Notes and the other 2014 Notes. See "THE LETTERS OF CREDIT AND THE CREDIT FACILITY PROVIDERS" herein.

Continuing Disclosure. The Obligated Group will agree to provide, or cause to be provided, (i) certain annual and quarterly financial information and operating data, (ii) timely notice of the occurrence of certain enumerated events with respect to the Bonds and (iii) timely notice of any failure by the Obligated Group to provide the requested financial information, pursuant to Continuing Disclosure Agreements to be executed by the Obligated Group with respect to each series of Bonds in substantially the form attached as Appendix I to this Official Statement. See "CONTINUING DISCLOSURE" herein and APPENDIX I – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

THE AUTHORITY

The Authority is a body politic and corporate of the State of Connecticut, (the "State") constituting a public instrumentality organized and existing under and by virtue of the Act. The purpose of the Authority, as stated in the Act, is essentially to assist certain health care institutions, institutions of secondary or higher education, nursing homes, child care and child development facilities and other qualified nonprofit organizations in the construction and financing of eligible projects.

Authority Membership and Organization

The Act provides that the Board of Directors of the Authority shall consist of ten members, two of whom shall be the Treasurer of the State of Connecticut, *ex-officio*, and the Secretary of the Office of Policy and Management of the State of Connecticut, *ex-officio*, and eight of whom shall be residents of the State appointed by the Governor, provided not more than four of such appointed members may be members of the same political party. Three of the appointed members shall be associated with institutions of higher education, two members shall be associated with health care institutions, and one member shall be experienced in and knowledgeable of (by virtue of business or other activities) state and municipal securities. The terms of the members of the Authority, other than the State Treasurer and the Secretary of the Office of Policy and Management, are for five years, but the members continue to serve until their successors have been appointed and qualified. Each *ex-officio* member may designate a deputy or any staff member to represent the State Treasurer or the Secretary of the Office of Policy and Management, as the case may be, as a member of the Board of Directors at meetings of the Authority with full power to act and vote on behalf of such *ex-officio* member. All Authority members serve without compensation, but are entitled to reimbursement for expenses incurred in the performance of their duties in relation to the Authority. The Governor, with the advice and consent of both houses of the General Assembly, has power to appoint the Chairperson of the Board of Directors of the Authority from among its members. The Board of Directors annually elects one of its members to serve as Vice Chairperson. There is currently one vacancy on the Authority Board of Directors.

The members of the Board of Directors of the Authority are as follows:

Barbara Rubin, Chairperson, term as member expires June 30, 2016

Ms. Rubin, a resident of Glastonbury, is Executive Vice President of iStar Financial. Ms. Rubin has over 30 years' experience in commercial real estate investments. Prior to joining iStar, Ms. Rubin was an investment professional with Phoenix Home Life Mutual Insurance Company. She is currently the Chairperson of the Connecticut Higher Education Supplemental Loan Authority, a member of the Board of Hartford Stage and a member of the Board of the Social Enterprise Investment Fund.

Peter W. Lisi, Ph.D., Vice Chairman, term as member expires June 30, 2015

Dr. Lisi, a resident of West Hartford, is the Director of the Office of Sponsored Programs for the University of Hartford. Prior to joining the University in November 2004, he served as the Director of External Affairs for the Connecticut Historical Society Museum and at Choate Rosemary Hall as Director of Planning and Budgeting and also as Associate Director of Development. Dr. Lisi serves as President and Board Member for the Watkinson School and is President and a Board Member of the West Hartford Chamber of Commerce.

Denise L. Nappier, *ex-officio*

Ms. Nappier, a resident of Hartford, became Treasurer of the State of Connecticut on January 6, 1999. Prior to her election as Treasurer in November 1998, for nearly ten years, Ms. Nappier was Treasurer of the City of Hartford. Previously she served as consultant in the Connecticut Office of Policy and Management, Director of Institutional Relations for the UConn Health Center, and Executive Director of Riverfront Recapture, Inc. She was a member of the Hartford Redevelopment Agency for seven years, including five as Chairwoman. She is also an ex-officio member of several quasi-state boards, including the Connecticut Bond Commission, the Connecticut Airport Authority, the Clean Energy Finance and Investment Authority, the Connecticut Higher Education Trust Advisory Board, the State Employees' Retirement Commission, the Connecticut's Teachers Retirement Board, Connecticut Innovations and the Connecticut Development Authority. Ms. Nappier served five terms as Treasurer of the National Association of State Treasurers and is a board member of the National Association of Corporate Directors, Connecticut Chapter.

Benjamin Barnes, *ex-officio*

Mr. Barnes, a resident of Stratford, is the Secretary of the Office of Policy and Management of the State of Connecticut. Prior to his appointment, effective January 5, 2011, Mr. Barnes was the Operating Officer for the Bridgeport Public Schools. Previously, Mr. Barnes was the Director of Operations for the City of Stamford and also served as Director of Administration and as Director of Public Safety, Health and Welfare for the City of Stamford. He has also worked as the Government Finance Director for the Connecticut Conference of Municipalities and as a planner for the Cities of Hartford, Connecticut and St. Petersburg, Florida. Mr. Barnes has served on the Boards of Directors of the Housing Development Fund and the Childcare Learning Centers.

John M. Biancamano, term as member expires June 30, 2015

Mr. Biancamano, a resident of Wethersfield, is Special Advisor to the President for Financial & Health Affairs at The University of Connecticut. Prior to that he served as Chief Financial Officer of The University of Connecticut Health Center from November 2008 to January 2014. Previously he served as Vice President, Finance and Chief Financial Officer of Hartford Health Care Corporation and Hartford Hospital from 1990-2008, and as Vice President and Treasurer of Mount Sinai Hospital in Hartford from 1984 to 1990. Previous to 1984, Mr. Biancamano was an Audit Manager with Ernst & Whinney. Mr. Biancamano is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and Connecticut Society of Certified Public Accountants.

Patrick A. Colangelo, term as member expires February 9, 2018

Mr. Colangelo, a resident of Stamford, is the former Senior Vice President, Finance, and Treasurer of Stamford Health System, joining the executive staff in 1981 and retiring in 2002. Previously, Mr. Colangelo was the Chief Financial Officer of The Greenwich Hospital and Audit Manager with Peat Marwick Mitchell & Co. in New York City. Mr. Colangelo is past president of the Healthcare Association, Connecticut chapter, and currently is a member of the Board of Directors of St. Vincent's College.

Barbara B. Lindsay, term as member expires June 30, 2015.

Ms. Lindsay, a resident of Hamden, is an attorney in private practice who represents tax-exempt organizations. She has been a visiting lecturer at the Yale Law School since 1992 teaching on Nonprofit Organizations Law. An active member of the Connecticut Bar Association and the American Bar Association, she has participated in numerous statutory drafting task forces pertinent to nonprofit organizations. She co-chairs the Educational Organization subcommittee of the Exempt Organizations Committee of The American Bar Association's Tax Section. She also serves on the Board of Governors and as Corporate Secretary of the Episcopal Church at Yale, as well as on the Legal and Tax Panel of the Jewish Community Foundation in Hartford.

Estela R. Lopez, Ph.D., term as member expires June 30, 2017

Dr. Lopez, a resident of East Hartford, is the former Director of the Latino Policy Institute of the Hispanic Health Council. She is also the former Vice Chancellor of Academic Affairs of the Connecticut State University System, a position which she held from April 2002 to April 2007. Prior to her association with CSU, Dr. Lopez served as Provost and Vice President for Academic Affairs at Northeastern Illinois University, as a Senior Associate at the American Association for Higher Education, as a Senior Fellow at the American Council on Education, and as Vice President for Academic Affairs and Planning at the Inter American University of Puerto Rico. She is a board member of the Fund for Greater Hartford, United Way of Connecticut and the Latino Endowment Fund of the Hartford Foundation and the Connecticut State Board of Education.

Paul Mutone, term as member expires June 30, 2015

Mr. Mutone, a resident of West Hartford, is Vice President of Finance and Operations and Treasurer at Trinity College. Prior to joining Trinity in October 2008, he served as Vice President for Business and Financial Affairs at Marist College, as Controller and then as Associate Vice President and Controller at Vassar College, and as Supervising Senior Auditor at KPMG Peat Marwick. Mr. Mutone is a member of NACUBO and EACUBO and is a board member and executive committee member of the Southside Institutions Neighborhood Alliance.

Jeffrey A. Asher is Executive Director of the Authority. The Executive Director is appointed by, and serves at the pleasure of, the Board of Directors. In the performance of his duties as Executive Director, Mr. Asher is responsible for the general management of the Authority's affairs. Jeanette W. Weldon is Managing Director, Paula Lacey Herman is General Counsel, and Michael F. Morris and Cynthia D. Peoples-H. are Assistant Directors of the Authority.

Hawkins Delafield & Wood LLP, attorneys of Hartford, Connecticut, and New York, New York, is serving as Bond Counsel to the Authority and will submit its approving opinions with regard to the legality of the Bonds on the date of delivery of the Bonds, in substantially the form attached hereto as Appendix H.

Carmody Torrance Sandak & Hennessey LLP, Stamford, Connecticut, is serving as Special Counsel to the Authority and will pass on certain matters with respect to this financing.

In addition to the mentioned individuals, counsel and advisor, the Act provides that the Authority may appoint, retain, hire or employ such other staff, counsel, consultants, engineers, architects, accountants, construction companies or others as the Authority deems necessary in order to implement projects or to assist in the performance of its duties.

Powers of the Authority

Under the Act, the Authority is authorized and empowered with respect to health care institutions and nursing homes, institutions of secondary or higher education, child care or child development facilities, and other qualified nonprofit organizations, among other things: to acquire real and personal property; to issue bonds, bond anticipation notes and other obligations and to refund the same; to acquire federally guaranteed securities or to make loans to acquire such securities in order to finance, refinance or refund projects: to charge and collect rentals for the use of projects or for services furnished in relation thereto; to construct, reconstruct, renovate, replace, maintain, repair, operate, lease, or regulate projects and to enter into contracts in order to provide, manage or operate such projects; to establish or cause to be established rules and regulations for the use of projects provided by the Authority; to receive, in relation to projects, loans or grants from any public agency or other source; to make loans for the cost of projects, including the refunding of obligations, mortgages or advances thereof; to finance or refinance certain items of equipment; to mortgage any project and the site thereof for the benefit of the owners of bonds issued to finance such project; to accept mortgages as security for project loans; and to do all things necessary to carry out the purposes of the Act.

Indebtedness of the Authority

The Authority as of March 31, 2014 had authorized and issued certain series of its general obligation and revenue bonds for eligible institutions under the Act in an aggregate principal amount of $16,107,076,500 of which $8,057,038,828 was outstanding as of March 31, 2014.

Appendix G annexed hereto contains a complete tabulation of all series of the Authority's bonds issued, retired and outstanding as of March 31, 2014. In addition, the Authority has board approval to issue Revenue Bonds, Trinity College Issue, Series N in the principal amount not to exceed $25,000,000.

With respect to subsequent bond or note issues, the Authority intends to enter into separate agreements with institutions of secondary or higher education, health care institutions, nursing homes, child care and child development facilities and other qualified nonprofit institutions in the State for the purpose of financing projects for such institutions, and each such series so issued will be issued pursuant to a resolution, a trust agreement or a bond indenture other than the Indenture.

The Authority has never defaulted in the payment of principal of or interest on its bonds or notes.

THE BONDS

General

The Bonds initially will be issued as one fully registered bond for each maturity of each series, each in the aggregate principal amount of such maturity as set forth on the inside cover page of this Official Statement, and shall be delivered to and registered in the name of Cede & Co., as registered owner and nominee for DTC. The principal of and interest on the Bonds will be paid by the Trustee, as paying agent. As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, such payments will be made directly to Cede & Co. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Series A Bonds and the Series E Bonds

The Series A Bonds will be issued pursuant to the Series A Indenture and the Series E Bonds will be issued pursuant to the Series E Indenture, each in the principal amounts set forth on the inside cover page hereof, dated their dates of original issuance, and will bear interest from such date, payable commencing on January 1, 2015 and on each January 1 and July 1 thereafter at the rates set forth on the inside cover page, will mature on the dates set forth on the inside cover page hereof, and will be subject to optional and mandatory sinking fund redemption as described below. The Series A Bonds and the Series E Bonds (together, the "Fixed Rate Bonds") will be issued in the denomination of $5,000 and any integral multiple thereof. Interest on the Fixed Rate Bonds will be calculated on the basis of twelve 30-day months for a 360-day year. The record date for the payment of interest for the Fixed Rate Bonds is the 15th day of each June and December preceding the date on which interest is to be paid.

Fixed Rate Bond Redemption Provisions

Optional Redemption. The Fixed Rate Bonds maturing on or before July 1, 2024 are not subject to optional redemption prior to maturity. The Fixed Rate Bonds maturing after July 1, 2024 are subject to optional redemption prior to maturity commencing July 1, 2024 as a whole or in part at any time, at the option of the Authority, at the direction of HSC, and in any maturity (or any Sinking Fund Installment within a maturity) selected by the Authority at the direction of HSC, at par, plus accrued interest thereon to the date set for redemption.

In the event that any Fixed Rate Bonds have been called for optional redemption, HSC shall have the right to purchase such Fixed Rate Bonds in lieu of a redemption thereof, at a price equal to the applicable redemption price of the Fixed Rate Bonds so called for redemption, on the date such Fixed Rate Bonds have been called for optional redemption, and the payment of the Redemption Price of the Fixed Rate Bonds so called for optional redemption shall be deemed in such event to be the payment of the purchase price of such Fixed Rate Bonds to be purchased in lieu of such optional redemption and such Fixed Rate Bonds may, at the option of HSC, remain Outstanding under the applicable Indenture or be cancelled.

Sinking Fund Redemption. The Series E Bonds maturing July 1, 2037 are also subject to redemption on each July 1, commencing July 1, 2035, at the principal amount specified below plus accrued interest thereon to the date set for redemption:

Year	Principal Amount
2035	$1,035,000
2036	1,225,000
2037†	5,555,000

† Final maturity.

Selection of Fixed Rate Bonds to be Redeemed. If less than all of the Fixed Rate Bonds of any single maturity within a series are to be redeemed, the Fixed Rate Bonds (or portions thereof) to be so redeemed shall be selected by the applicable Trustee by lot or in any customary manner of selection as determined by such Trustee; provided, however, that so long as DTC or its nominee is the only Bondowner, if less than all of the Fixed Rate Bonds of a maturity within a series are to be called for redemption, the particular beneficial ownership interests to be redeemed shall be selected by DTC in such manner as DTC may determine.

Notice of Redemption. If Fixed Rate Bonds (or portions thereof) of any series are to be redeemed, the applicable Trustee shall give or cause to be given notice of the redemption of the Fixed Rate Bonds (or portions thereof) of such series in the name of the Authority which notice shall specify: (i) that the Fixed Rate Bonds are to be redeemed in whole or in part, as applicable; (ii) the redemption date and the Redemption Price; (iii) the numbers and other distinguishing marks of the Fixed Rate Bonds to be redeemed (except in the event that all of the Outstanding Fixed Rate Bonds of a series are to be redeemed); (iv) that such Fixed Rate Bonds will be redeemed at the designated corporate trust office of such Trustee; and (v) any conditions applicable to such redemption. Such notice shall further state that on such date, if the conditions for redemption have been met, there shall become due and payable upon each Fixed Rate Bond (or portions thereof) to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. Such notice shall be given, not more than 45 nor less than 30 days prior to the redemption date, by the applicable Trustee by mail, postage prepaid, or by Electronic Means to the Bondowners of the Fixed Rate Bonds which are to be redeemed, at their addresses appearing on the registration books maintained by such Trustee. Notice having been given in accordance with the foregoing, failure to receive any such notice by any of such Bondowners or any defect therein, shall not affect the redemption or the validity of the proceedings for the redemption of the Fixed Rate Bonds. Prior to mailing such notice to Bondowners the applicable Trustee shall submit a copy of the notice of such redemption to the Municipal Securities Rulemaking Board ("MSRB") via its Electronic Municipal Markets Access ("EMMA") System and to any securities depository in the event that such series of Fixed Rate Bonds are registered in the name of a securities depository or its nominee. The applicable Trustee shall also indicate on such notice, the contact person or persons and telephone number of the person or persons handling the redemption. The applicable Trustee shall also comply, in connection with any redemption, to the extent practicable,

with the standards set forth in Securities Exchange Commission Release No. 34-23856 (issued December 3, 1986) or by the MSRB, as such standards may be amended from time to time, to the extent applicable.

If, at the time of mailing or notice of an optional redemption, there shall not have been deposited with the applicable Trustee moneys sufficient to redeem all the Fixed Rate Bonds called for redemption, such notice may state that it is conditional, that it is subject to the deposit with such Trustee on or prior to the redemption date of moneys sufficient to pay the Redemption Price of the Fixed Rate Bonds to be redeemed plus interest accrued thereon on the date of redemption, and that such notice shall be of no effect unless such moneys are so deposited.

Undelivered Fixed Rate Bonds. Any Fixed Rate Bonds to be redeemed but which are not properly delivered to the applicable Trustee, to the extent that there are on deposit with such Trustee on or before the redemption date, amounts sufficient to pay the Redemption Price of any such Fixed Rate Bonds (or portions thereof, as the case may be), shall cease to bear interest and such Fixed Rate Bonds or portions thereof shall no longer be considered as Outstanding. Any such Fixed Rate Bonds will represent only the right to payment of the Redemption Price and interest to such date fixed for redemption.

The Series B Bonds

The Series B Bonds will be issued pursuant to the Series B Indenture, will be in the principal amount and will mature on the date set forth on the inside cover page hereof, and will be dated their date of original issuance. Prior to the earlier of the Initial Scheduled Mandatory Tender Date (as set forth on the inside cover page hereof) and the Conversion of the Series B Bonds to a new Adjustable Rate (including another LIBOR-Based Rate) or to a Fixed Rate, the Series B Bonds will bear interest at a rate equal to the Initial Applicable Percentage (as set forth on the inside cover page hereof) of the One-Month LIBOR Rate, plus the Initial Applicable Spread (as set forth on the inside cover page hereof). Interest on the Series B Bonds will be payable as described below.

While the Series B Bonds may, under certain circumstances, be converted to a Commercial Paper Rate, a SIFMA-Based Rate, a Bank Purchase Rate, a Daily Rate, a Weekly Rate, a Monthly Rate, a VRO Rate, a Quarterly Rate, a Semiannual Rate, a Term Rate, or a Fixed Rate, this Official Statement, in general, describes the Series B Bonds only during the period in which they bear interest at a LIBOR-Based Rate. The Series B Bonds are subject to mandatory tender in the event of the Conversion of the Series B Bonds to a new Adjustable Rate (including another LIBOR-Based Rate) or to a Fixed Rate. From and after the Fixed Rate Conversion Date for the Series B Bonds, the Series B Bonds shall bear interest at the Fixed Rate until maturity. See "Conversion of Variable Rate Bonds" and "Optional and Mandatory Tender for Purchase of Variable Rate Bonds."

Subject to the provisions described under "BOOK-ENTRY ONLY SYSTEM," while the Series B Bonds bear interest at a LIBOR-Based Rate, the Series B Bonds will be issued initially only as fully registered bonds in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof, and interest shall be computed on the basis of a 365 or 366-day year and actual days elapsed.

While the Series B Bonds bear interest at a LIBOR-Based Rate, the interest rate in effect for each Interest Period shall be determined on the Determination Date for the One-Month LIBOR Rate or the Three-Month LIBOR Rate, as selected by HSC upon Conversion to a LIBOR-Based Rate. The LIBOR-Based Rate for the Series B Bonds shall be the rate of interest determined by the Calculation Agent for each Interest Period to be equal to the Applicable Percentage of the One-Month LIBOR Rate or the Three-Month LIBOR Rate, as applicable, plus the Applicable Spread, on and as of the applicable Determination Date.

The Determination Date for the Series B Bonds while bearing interest at a LIBOR-Based Rate: (i) based on the One-Month LIBOR Rate, shall be the date that is two London Banking Days preceding the first Business Day of each month, or in the case of a Conversion to a LIBOR-Based Rate based on the One-Month LIBOR Rate, two London Banking Days preceding the effective date of the Conversion; and (ii) based on the Three-Month LIBOR Rate, shall be the date that is two London Banking Days preceding each January 1, April 1, July 1 and October 1, or in the case of a Conversion to a LIBOR-Based Rate based on the Three-Month LIBOR Rate, two London Banking Days preceding the effective date of the Conversion.

While the Series B Bonds bear interest at a LIBOR-Based Rate based on the One-Month LIBOR Rate, a new interest rate shall be effective on the first Business Day of each month, and with respect to a Conversion to a LIBOR-Based Rate based on the One-Month LIBOR Rate, on the effective date of the Conversion. While the Series B Bonds bear interest at a LIBOR-Based Rate based on the Three-Month LIBOR Rate, a new interest rate shall be effective on each January 1, April 1, July 1 and October 1, and with respect to a Conversion to a LIBOR-Based Rate based on the Three-Month LIBOR Rate, on the effective date of the Conversion. No Series B Bonds shall bear interest at an interest rate higher than the Maximum Rate, which is the lesser of 12% per annum and the maximum rate of interest then allowable by law.

During any LIBOR-Based Accrual Period applicable to the Series B Bonds, in which the Calculation Agent fails for any reason to determine the One-Month LIBOR Rate or the Three-Month LIBOR Rate, as applicable, the last interest rate so determined shall remain in effect until another One-Month LIBOR Rate or Three-Month LIBOR Rate, as applicable, is established.

The Series B Bonds will initially bear interest at a LIBOR-Based Rate equal to the Initial Applicable Percentage of the One-Month LIBOR Rate, plus the Initial Applicable Spread, and interest on the Series B Bonds will be payable initially on July 1, 2014 and thereafter: (i) with respect to Series B Bonds bearing interest at a LIBOR-Based Rate based on the One-Month LIBOR Rate, on the first Business day of each month, and with respect to Series B Bonds bearing interest at a LIBOR-Based Rate based on the Three-Month LIBOR Rate, on each January 1, April 1, July 1 and October 1; (ii) on any day on which the Series B Bonds are subject to mandatory tender for purchase; (iii) on any day on which the Series B Bonds are subject to optional redemption, at the option of the Authority, at the direction of HSC; and (iv) on the final maturity date of the Series B Bonds. See "Optional Redemption for the Variable Rate Bonds" and "Optional and Mandatory Tender for Purchase of Variable Rate Bonds." Upon conversion of the Series B Bonds to another LIBOR-Based Rate, a new Applicable Percentage and a new Applicable Spread shall be established pursuant to the Series B Indenture.

The record date for payment of interest while the Series B Bonds bear interest at a LIBOR-Based Rate is the Business Day preceding the date on which interest is to be paid.

The Series C Bonds and the Series D Bonds

The Series C Bonds will be issued pursuant to the Series C Indenture and the Series D Bonds will be issued pursuant to the Series D Indenture, and each will be in the principal amount and will mature on the date set forth on the inside cover page hereof, and will be dated its date of original issuance. Prior to a Conversion to a new Adjustable Rate or to a Fixed Rate, the Series C Bonds and the Series D Bonds (together, the "Series C/D Bonds," and collectively with the Series B Bonds, the "Variable Rate Bonds") will bear interest at a Weekly Rate, and interest will be payable on the first Wednesday of each calendar month, commencing July 2, 2014 and on the applicable mandatory tender date while bearing interest at a Weekly Rate.

While the Series C/D Bonds may, under certain circumstances, be converted to a Commercial Paper Rate, a LIBOR-Based Rate, a SIFMA-Based Rate, a Bank Purchase Rate, a Daily Rate, a Monthly Rate, a VRO Rate, a Quarterly Rate, a Semiannual Rate, a Term Rate, or a Fixed Rate, this Official Statement, in general, describes the Series C/D Bonds only during the period in which they bear interest at a Daily Rate or a Weekly Rate. The Series C/D Bonds of each series are subject to mandatory tender in the event of the Conversion of such series to a new Adjustable Rate or to a Fixed Rate. From and after the Fixed Rate Conversion Date for a series of Series C/D Bonds, such series shall bear interest at the Fixed Rate until maturity. See "Conversion of Variable Rate Bonds" and "Optional and Mandatory Tender for Purchase of Variable Rate Bonds."

Subject to the provisions described under "BOOK-ENTRY ONLY SYSTEM," while the Series C/D Bonds bear interest at a Daily Rate or a Weekly Rate, the Series C/D Bonds will be issued initially only as fully registered bonds in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof, and interest shall be computed on the basis of a 365 or 366-day year and actual days elapsed.

While the Series C/D Bonds are in the Daily Rate or the Weekly Rate, the interest rate in effect for each Interest Period shall be determined on the Determination Date for the applicable interest rate. The Daily Rate and

the Weekly Rate for any series of Series C/D Bonds shall be the rate of interest determined by the applicable Remarketing Agent for each Interest Period to be the minimum rate of interest per annum which, in the opinion of the applicable Remarketing Agent, would be necessary to remarket such series of Series C/D Bonds bearing interest at the Daily Rate or Weekly Rate, as applicable, in a secondary market transaction at par plus accrued interest, if any, on and as of the applicable Determination Date.

The Determination Date for the Series C/D Bonds: (i) in the case of the Daily Rate, shall be each Business Day commencing with the first day (which must be a Business Day) the applicable Series C/D Bonds become subject to the Daily Rate; and (ii) in the case of the Weekly Rate, shall be each Tuesday or, if Tuesday is not a Business Day, then the Business Day immediately preceding such Tuesday, or in the case of a Conversion to a Weekly Rate, shall be no later than the Business Day immediately preceding the effective date of the Conversion, and thereafter as described above.

While the Series C/D Bonds bear interest at a Daily Rate, a new interest rate shall be effective on each Business Day. While the Series C/D Bonds bear interest at a Weekly Rate, a new interest rate shall take effect on each Wednesday (or if such Wednesday is not a Business Day, on the next succeeding Business Day) and with respect to a Conversion to a Weekly Rate, on the effective date of the Conversion. No Series C/D Bonds shall bear interest at an interest rate higher than the Maximum Rate, which is the lesser of 12% per annum and the maximum rate of interest then allowable by law.

If the applicable Remarketing Agent fails or is unable to determine the interest rate (i) with respect to any Series C/D Bonds bearing interest at a Daily Rate, the last interest rate so determined shall remain in effect for up to five successive Daily Rate Periods and, with respect to subsequent Daily Rate Periods for which the Daily Rate is not so determined, the Daily Rate shall be a rate per annum equal to 100% of the Municipal Swap Index rate most recently published by the Securities Industry and Financial Markets Association ("SIFMA") on or before the applicable Determination Date; and (ii) with respect to any Series C/D Bonds bearing interest at a Weekly Rate, the last interest rate so determined shall remain in effect for up to two successive Weekly Rate Periods and, with respect to subsequent Weekly Rate Periods for which the Weekly Rate is not so determined, the Weekly Rate shall be a rate per annum equal to 100% of the Municipal Swap Index rate most recently published by SIFMA on or before the applicable Determination Date.

The Series C/D Bonds will initially bear interest at the Weekly Rate and interest on the Series C/D Bonds will be payable initially on July 2, 2014 and thereafter: (i) with respect to any Series C/D Bonds bearing interest at the Daily Rate, on the first Business Day of each month, and with respect to any Series C/D Bonds bearing interest at the Weekly Rate, on the first Wednesday of each month; (ii) on any day on which any of Series C/D Bonds are subject to mandatory or optional tender for purchase; (iii) on any day on which the Series C/D Bonds are subject to optional redemption, at the option of the Authority, as directed by HSC; and (iv) on the final maturity date of each series of Series C/D Bonds. See "Optional Redemption for the Variable Rate Bonds" and "Optional and Mandatory Tender for Purchase of Variable Rate Bonds."

The record date for payment of interest while the Series C/D Bonds bear interest at the Daily Rate or the Weekly Rate is the Business Day preceding the date on which interest is to be paid.

Conversion of Variable Rate Bonds

Conversion to Adjustable Rate. Prior to the Fixed Rate Conversion Date, the Variable Rate Bonds of any series may be converted, in whole or in part, to a different Adjustable Rate, at the option of HSC, on any Business Day for Variable Rate Bonds bearing interest at a LIBOR-Based Rate, the Daily Rate or the Weekly Rate, provided that the Variable Rate Bonds bearing interest at a LIBOR-Based Rate may only be converted to a different Adjustable Rate (including another LIBOR-Based Rate) on the Scheduled Mandatory Tender Date then in effect or on or after the Earliest Redemption Date then in effect. Upon such conversion or reconversion, the Variable Rate Bonds of such series shall be subject to mandatory tender for purchase as described below under "Mandatory Tender and Purchase of Variable Rate Bonds." Each conversion of a series of Variable Rate Bonds shall be subject to the conditions set forth in the applicable Indenture.

In the event that the conditions for the proposed Conversion are not met, (i) the applicable series of Variable Rate Bonds shall continue to bear interest at the LIBOR-Based Rate, the Daily Rate or the Weekly Rate then borne by such series of Variable Rate Bonds, as applicable, and (ii) the applicable Trustee shall, as soon as practicable, but in no event later than the next succeeding Business Day, give notice of the failed Conversion by Electronic Means to the Authority, HSC and the Holders of the applicable series of Variable Rate Bonds.

Conversion to Fixed Rate. The interest rate on the Variable Rate Bonds of any series may be converted in whole or in part, on any Business Day for Variable Rate Bonds bearing interest at a LIBOR-Based Rate, the Daily Rate or the Weekly Rate to the Fixed Rate, at the election of HSC and upon the satisfaction of certain requirements set forth in the applicable Indenture, provided that the Variable Rate Bonds bearing interest at a LIBOR-Based Rate may only be converted to the Fixed Rate on the Scheduled Mandatory Tender Date then in effect or on or after the Earliest Redemption Date then in effect. The Variable Rate Bonds of the applicable series converted to the Fixed Rate shall be subject to mandatory tender on the Fixed Rate Conversion Date. See "Mandatory Tender and Purchase of Variable Rate Bonds."

In the event that any conditions for the proposed change from a LIBOR-Based Rate, the Daily Rate or the Weekly Rate to a Fixed Rate are not met, (i) the applicable series of Variable Rate Bonds shall continue to bear interest at the LIBOR-Based Rate, the Daily Rate or the Weekly Rate then borne by such series of Variable Rate Bonds, as applicable, and shall be subject to the provisions of the applicable Indenture with respect to Variable Rate Bonds bearing interest at a LIBOR-Based Rate, Daily Rate or Weekly Rate, and (ii) the applicable Trustee shall, as soon as practicable, but in no event later than the next succeeding Business Day, give notice of the failed Conversion by Electronic Means to the Authority, HSC and the Holders of the applicable series of Variable Rate Bonds.

If any series of Variable Rate Bonds commence to bear interest at a Fixed Rate, the interest rate on such series of Variable Rate Bonds may not thereafter be changed to an Adjustable Rate. At the option of HSC, a series of Variable Rate Bonds converted to the Fixed Rate Mode shall bear interest at a single Fixed Rate, unless on or before the Determination Date on which the applicable Remarketing Agent determines the Fixed Rate, the applicable Remarketing Agent also determines that such series of Variable Rate Bonds converted to the Fixed Rate Mode would bear a lower effective net interest cost if such series of Variable Rate Bonds were serial bonds or serial bonds and term bonds with the maturity (or Sinking Fund Installment) dates and in principal amounts matching the existing Sinking Fund Installments for such Variable Rate Bonds, in which event the applicable series of Variable Rate Bonds shall become serial bonds or serial bonds and term bonds with such maturity (or Sinking Fund Installments) dates and in such principal amounts, and shall bear separate Fixed Rates for each maturity.

General Provisions Related to a Conversion. HSC shall give the applicable Trustee and other specified parties at least 40 days' notice (and no more than 45 days' notice in the case of conversion to a Fixed Rate) of any proposed Conversion to an Adjustable Rate or to the Fixed Rate. The applicable Trustee shall mail notice of Conversion to the Holders of the applicable series of Variable Rate Bonds at least 30 days prior to the proposed Conversion Date.

Variable Rate Bond Redemption Provisions

Optional Redemption. The Series B Bonds, while bearing interest at a LIBOR-Based Rate, are subject to optional redemption as a whole or in part at the option of the Authority, at the direction of HSC, in such order of Sinking Fund Installments selected by the Authority, at the direction of HSC, on and after the Initial Earliest Redemption Date (as set forth on the inside cover page hereof), on any Business Day, at the Redemption Price of par, plus accrued interest, if any, to the date set for redemption. Upon conversion of the Series B Bonds to a new Adjustable Rate, including to another LIBOR-Based Rate or upon conversion to a Fixed Rate, a new Earliest Redemption Date shall be established pursuant to the Series B Indenture.

The Series C/D Bonds, while bearing interest at the Daily Rate or the Weekly Rate, are subject to optional redemption as a whole or in part on any Business Day at the option of the Authority, at the direction of HSC, and if in part, in such order of Sinking Fund Installments selected by the Authority at the direction of HSC, at the redemption price of par, plus accrued interest to the date set for redemption. The Redemption Price of any Series C/D Bonds secured by a Credit Facility shall be paid first from moneys drawn under the applicable Credit Facility

and second from other Available Moneys. Outstanding Credit Facility Provider Bonds of a series, if any, shall be redeemed before any other Series C/D Bonds of such series.

Any optional redemption shall be conditioned upon the applicable Trustee's receipt of funds sufficient to pay the Redemption Price of the Variable Rate Bonds to be redeemed on or prior to the redemption date.

In the event that any Variable Rate Bonds have been called for optional redemption pursuant to the applicable Indenture, HSC shall have the right to purchase such Variable Rate Bonds in lieu of a redemption thereof, at a price equal to the applicable Redemption Price of the Variable Rate Bonds so called for redemption, on the date such Variable Rate Bonds have been so called for optional redemption, and the payment of the Redemption Price of the Variable Rate Bonds so called for optional redemption shall be deemed in such event to be the payment of the purchase price of such Variable Rate Bonds to be purchased in lieu of such optional redemption and such Variable Rate Bonds may, at the option of HSC, remain Outstanding under the applicable Indenture or be cancelled. The purchase price of any Series C/D Bonds secured by a Credit Facility and purchased in lieu of redemption shall be paid from Available Moneys.

Sinking Fund Redemption. The Series B Bonds also are subject to redemption on each July 1, commencing July 1, 2037, at the principal amount thereof specified below plus accrued interest thereon to the date set for redemption:

Year	Principal Amount	Year	Principal Amount
2037	$8,550,000	2044	$18,925,000
2038	8,790,000	2045	19,475,000
2039	9,045,000	2046	20,030,000
2040	9,310,000	2047	20,605,000
2041	2,505,000	2048	21,200,000
2042	2,570,000	2049†	24,625,000
2043	2,645,000		

The Series C Bonds also are subject to redemption on each July 1, commencing July 1, 2015, at the principal amount thereof specified below plus accrued interest thereon to the date set for redemption:

Year	Principal Amount	Year	Principal Amount
2015	$6,390,000	2021	$7,820,000
2016	6,610,000	2022	8,085,000
2017	6,835,000	2023	8,360,000
2018	7,065,000	2024	8,645,000
2019	7,310,000	2025†	8,940,000
2020	7,565,000		

The Series D Bonds also are subject to redemption on each July 1, commencing July 1, 2032 through and including July 1, 2036, and July 1, 2044 through and including July 1, 2048, at the principal amount thereof specified below plus accrued interest thereon to the date set for redemption:

Year	Principal Amount	Year	Principal Amount
2032	$ 3,075,000	2044	$7,980,000
2033	7,000,000	2045	8,170,000
2034	11,300,000	2046	8,365,000
2035	22,075,000	2047	8,565,000
2036	22,975,000	2048†	8,770,000

† Final maturity.

Selection of Variable Rate Bonds to be Redeemed. If less than all the Variable Rate Bonds of a series shall be called for redemption under any provision of the applicable Indenture permitting such partial redemption, the portions of such Variable Rate Bonds to be redeemed shall be selected (i) first, with respect to Series C/D Bonds

from Variable Rate Bonds of such series for which the applicable Trustee has received, prior to such selection, an Optional Tender Notice requiring such Trustee to purchase such Variable Rate Bonds on the date on which the Variable Rate Bonds being selected are to be redeemed, and (ii) second, from all other Variable Rate Bonds of such series then Outstanding, by lot or on a pro rata basis by the applicable Trustee in such manner as such Trustee in its discretion may deem proper; provided, however, that the portion of any Variable Rate Bond to be redeemed shall be in an Authorized Denomination and that, in selecting Variable Rate Bonds of a series for redemption, such Trustee shall treat each Variable Rate Bond of such series as representing that number of Variable Rate Bonds which is obtained by dividing the principal amount of such registered Variable Rate Bond by the lowest Authorized Denomination. Notwithstanding the provisions of clause (ii) of the preceding sentence, so long as DTC or its nominee is the only Bondowner, if less than all of the Variable Rate Bonds of a series are to be called for redemption, the particular beneficial ownership interests to be redeemed shall be selected by DTC in such manner as DTC may determine.

Notice of Redemption. If the Variable Rate Bonds (or portions thereof) of any series are to be redeemed, the applicable Trustee shall give or cause to be given notice of the redemption of the Variable Rate Bonds (or portions thereof) of such series in the name of the Authority which notice shall specify: (i) that such Variable Rate Bonds are to be redeemed in whole or in part, as applicable; (ii) the redemption date and the Redemption Price; (iii) the numbers and other distinguishing marks, if any, of the Variable Rate Bonds to be redeemed (except in the event that all of the Outstanding Variable Rate Bonds of a series are to be redeemed); (iv) that such Variable Rate Bonds will be redeemed at the designated corporate trust office of such Trustee; and (v) any conditions applicable to such redemption. Such notice shall further state that on such date, if the conditions for redemption have been met, there shall become due and payable upon each Variable Rate Bond (or portions thereof) to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. Such notice shall be given, not more than 45 nor less than 30 days prior to the redemption date (provided, however, notice of redemption of Variable Rate Bonds in the Daily Mode or Weekly Mode shall be given not less than 10 days prior to the redemption date), by the applicable Trustee by mail, postage prepaid, or by Electronic Means to the Bondowners of any Variable Rate Bonds which are to be redeemed, at their addresses appearing on the registration books maintained by such Trustee. Notice having been given in accordance with the foregoing, failure to receive any such notice by any of such Bondowners or any defect therein, shall not affect the redemption or the validity of the proceedings for the redemption of the Variable Rate Bonds. Prior to mailing such notice to Bondowners the applicable Trustee shall submit a copy of the notice of such redemption to the MSRB via its EMMA System and to any securities depository in the event that the Variable Rate Bonds are registered in the name of a securities depository or its nominee. The applicable Trustee shall also indicate on such notices, the contact person or persons and telephone number of the person or persons handling the redemption. The applicable Trustee shall also comply, in connection with any redemption, to the extent practicable, with the standards set forth in Securities Exchange Commission Release No. 34-23856 (issued December 3, 1986) or by the MSRB, as such standards may be amended from time to time, to the extent applicable.

If, at the time of mailing or notice of an optional redemption, there shall not have been deposited with the applicable Trustee moneys sufficient to redeem all the Variable Rate Bonds of a series called for redemption, such notice shall state that it is conditional, that such redemption is subject to there being on deposit with such Trustee on the redemption date moneys sufficient to pay the redemption price of the Variable Rate Bonds of such series to be redeemed plus interest accrued thereon on the date of redemption, and that such notice shall be of no effect unless such moneys are so deposited.

Optional and Mandatory Tender for Purchase of Variable Rate Bonds

Optional Tender of Series C/D Bonds

The Holders of Series C/D Bonds bearing interest at the Daily Rate or the Weekly Rate may elect to have their bonds (or portions of those bonds in amounts equal to $100,000 or integral multiples of $5,000 in excess thereof) purchased on any Business Day at a price equal to the principal amount thereof, plus accrued interest to the date of purchase, upon delivery of a notice (a "Notice of Tender") to the applicable Trustee and the applicable Remarketing Agent by 11:00 a.m. (New York City time) on any Business Day during the Daily Rate Period or by 3:00 p.m. (New York City time) on the Business Day seven days prior to the Purchase Date during the Weekly Rate

Period. Prior to or simultaneously with delivery of such Notice of Tender, the Bondowner must telephonically provide the applicable Remarketing Agent with the foregoing information.

The Series B Bonds bearing interest at a LIBOR-Based Rate are not subject to optional tender by the Holders thereof.

Mandatory Tender and Purchase of Variable Rate Bonds

Scheduled Mandatory Tender. The Series B Bonds shall be subject to mandatory tender for purchase on the Initial Scheduled Mandatory Tender Date (as set forth on the inside cover page hereof). Upon conversion of the Series B Bonds to another LIBOR-Based Rate a new Scheduled Mandatory Tender Date shall be established pursuant to the Series B Indenture.

Conversion. In the event that a series of Variable Rate Bonds is converted to another Adjustable Rate or converted to the Fixed Rate, such series of Variable Rate Bonds are subject to mandatory tender for purchase on the Conversion Date, at a Purchase Price equal to the principal amount thereof plus accrued interest and premium, if any.

Termination or Substitution of, or Default under, the Credit Facility. Any Series C/D Bonds secured by a Credit Facility (other than Credit Facility Provider Bonds) are subject to mandatory tender for purchase (i) on the second day (or if not a Business Day, the Business Day preceding such day) preceding the Credit Facility Termination Date applicable to such Series C/D Bonds, (ii) on each applicable Credit Facility Substitution Date, and (iii) on each applicable Credit Facility Default Purchase Date (each a "Credit Facility Mandatory Tender Date"), at a price equal to the principal amount thereof plus accrued interest thereon to the purchase date.

The applicable Trustee shall give written notice of mandatory tender to the Holders of the applicable series of Variable Rate Bonds at least 30 days prior to each Conversion Date and at least five days prior to each applicable Credit Facility Mandatory Tender Date. See APPENDIX D-2 – "EXCERPTS FROM THE VARIABLE RATE INDENTURES."

Undelivered Variable Rate Bonds

Any Variable Rate Bond (i) to be redeemed, with respect to the Series C/D Bonds, for which a Notice of Tender has been filed, or (ii) subject to mandatory tender for purchase under the applicable Indenture, but which is not properly delivered to the applicable Trustee, to the extent that there are on deposit with such Trustee on or before the purchase or redemption date, amounts sufficient to pay the redemption or purchase price, as the case may be, of any such Variable Rate Bonds (or portions thereof, as the case may be), shall cease to bear interest and such Variable Rate Bonds or portions thereof shall no longer be considered as Outstanding therefore. Any such Variable Rate Bonds will represent only the right to payment of the Redemption Price or Purchase Price and interest to such date fixed for redemption or purchase.

Remarketing of Variable Rate Bonds

Upon receipt of notice of the optional tender of any Series C/D Bonds or the mandatory tender of any Variable Rate Bonds pursuant to the applicable Indenture, the applicable Remarketing Agent shall, subject to the provisions of the applicable Remarketing Agreement and the applicable Indenture, offer for sale and use its best efforts to find purchasers for such Variable Rate Bonds (or portions thereof) properly tendered at a purchase price equal to par, plus accrued interest, if any. See "REMARKETING AGENTS" herein.

If on any Scheduled Mandatory Tender Date for the Series B Bonds bearing interest at a LIBOR-Based Rate, the applicable Remarketing Agent shall have given notice to the Series B Trustee that it has been unable to remarket any such Series B Bonds, the Series B Trustee shall so notify HSC of the deficiency. If on the Scheduled Mandatory Tender Date there are insufficient funds from the remarketing of such Series B Bonds to pay the Purchase Price of all Series B Bonds bearing interest at a LIBOR-Based Rate, then HSC is required to transfer an amount equal to the Purchase Price of such Series B Bonds that have not been successfully remarketed to the Series B Trustee. If on any Conversion Date prior to the Scheduled Mandatory Tender Date on which any Series B Bonds

are to be purchased there are insufficient funds from the remarketing of such Series B Bonds to pay the Purchase Price of all Series B Bonds bearing interest at a LIBOR-Base Rate, then (i) no Series B Bonds shall be purchased, (ii) the Series B Bonds shall continue to bear interest at the LIBOR-Based Rate then borne by such Series B Bonds, and (iii) the Series B Trustee shall, as soon as practicable, but in no event later than the next succeeding Business Day, give notice of the failed Conversion and cancellation of the mandatory tender for purchase by Electronic Means to the Authority, HSC and the Holders of the Series B Bonds.

On each date on which any Series C/D Bonds bearing interest at the Daily Rate or the Weekly Rate are to be purchased, if the applicable Remarketing Agent shall have given notice to the applicable Trustee that it has been unable to remarket any such Series C/D Bonds, the applicable Trustee shall notify HSC and the applicable Credit Facility Provider of the deficiency. The applicable Trustee shall draw on the applicable Credit Facility in an amount equal to the Purchase Price of such Series C/D Bonds which have not been successfully remarketed. If the applicable Credit Facility Provider fails to pay, or if no Credit Facility is in effect with respect to such Series C/D Bonds, or if any of the conditions for a drawing upon the applicable Credit Facility then in effect are not satisfied, or if timely payment under the applicable Credit Facility is not received by the applicable Trustee, HSC is required to transfer an amount equal to the Purchase Price of such Series C/D Bonds that have not been successfully remarketed to such Trustee. See "LETTERS OF CREDIT AND THE CREDIT FACILITY PROVIDERS" herein.

By 3:00 p.m. (New York City time) on the date on which any Variable Rate Bonds bearing interest at a LIBOR-Based Rate, the Daily Rate or the Weekly Rate are to be purchased, and except as set forth in the applicable Indenture, the applicable Trustee shall purchase such tendered Variable Rate Bonds from the tendering Owners at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the applicable Trustee nor the applicable Remarketing Agent shall be obligated to provide funds from any other source: (i) moneys derived from the remarketing of such Variable Rate Bonds; (ii) with respect to the Series C/D Bonds, any amount derived from a drawing against the Credit Facility for the applicable series of Series C/D Bonds; and (iii) with respect to the Series C/D Bonds and the Series B Bonds to be purchased on the Scheduled Mandatory Tender Date, any amounts paid to it by HSC therefor as required by the applicable Loan Agreement.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company, New York, New York, 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 maturity of each series of Bonds, and will be deposited with DTC.

The information set forth in this section under the subheading "General" has been obtained from sources that the Obligated Group, the Trustee and the Underwriters believe to be reliable, but none of the Members, the Trustee or the Underwriters make any representation as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

General

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 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, thereby eliminating 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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," and together with Direct Participants, "DTC Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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 Participants' and the 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 Participant or the 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 Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for such 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 the 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 Participants and the 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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).

Principal and interest 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 the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC, the Underwriters, the Trustee or the Obligated Group subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series C/D Bonds purchased or tendered, through its DTC Participant, to the applicable Remarketing Agent, and shall effect delivery of such Series C/D Bonds by causing the Direct Participant to transfer the DTC Participant's interest in the Series C/D Bonds, on DTC's records, to the applicable Remarketing Agent. The requirement for physical delivery of the Series C/D Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series C/D Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series C/D Bonds to the applicable Remarketing Agent's DTC account.

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

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

Each person for whom a DTC Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such DTC Participant to receive a credit balance in the records of such DTC Participant, and may desire to make arrangements with such DTC Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such DTC Participant and to have notification made of all interest payments. NONE OF THE MEMBERS, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

For every transfer and exchange of Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

NONE OF THE MEMBERS, THE AUTHORITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE INDENTURES; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE BONDS; OR (VI) ANY OTHER MATTER.

Certificated Bonds

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time if it is unwilling or unable to continue as depository by giving reasonable notice to the Authority and the Trustee. In addition, the Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). If for either reason the Book-Entry Only system is discontinued, Bond certificates will be delivered as described in the applicable Indenture and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondowner. Thereafter, the Bonds may be exchanged for an equal aggregate principal amount of the applicable series of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Bond may be registered on the books maintained by the Trustee for such purpose only upon assignment in form satisfactory to the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the

Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except for Bonds for which a notice of optional or mandatory tender has been given, the Trustee shall not be obliged to make any such exchange or transfer of Bonds, during the period from each Record Date to the following Interest Payment Date or, in the case of a proposed redemption of Bonds if such Bonds are eligible to be selected or have been selected for redemption, during the 45 days next preceding the date fixed for such redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Obligations of the Authority

Each Indenture provides that the Bonds issued thereunder shall be special obligations of the Authority, payable solely from and secured solely by the payments made by HSC under the applicable Agreement and from the funds established under the such Indenture.

Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The issuance of any bonds or notes, including the Bonds, under the provisions of the Act does not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make an appropriation for such payments. The Authority has no taxing power.

Obligations of HSC

The Authority will enter into each Agreement with HSC, and will loan the proceeds of each series of Bonds to HSC under the respective Agreement, and HSC will be obligated thereunder to repay such amounts with interest. The payments of principal and interest to be made by HSC under the applicable Agreement will be pledged by the Authority to the applicable Trustee as security for and as the source of payment of the principal of and interest on the applicable series of Bonds.

Pledge under the Indentures

Under each Indenture, the Authority pledges and assigns to the applicable Trustee all of the Authority's interest in the Revenues (as hereinafter defined) payable to or for the account of the Authority and any and all other property conveyed, pledged, assigned or transferred as additional security for the applicable series of Bonds. "Revenues" are defined in the each Indenture to include all amounts paid or payable to the Authority or to the Trustee for the account of the Authority (excluding fees and expenses payable to the Authority and the Trustee and the rights to indemnification of the Authority and the Trustee) under and pursuant to the applicable Agreement and the applicable Note issued pursuant to the applicable Supplemental Master Indenture. Each Indenture also pledges all moneys and securities deposited and held from time to time by the Trustee or the Authority in the funds and accounts (excluding the Rebate Fund) established under such Indenture.

The Agreements

At the time of delivery of the Bonds, HSC will enter into the Agreements with the Authority, pursuant to which HSC will borrow the proceeds of each series of Bonds. HSC will be absolutely and unconditionally obligated under each Agreement to make payments sufficient to pay, when due, the principal and interest on the applicable series of Bonds. Pursuant to each Indenture, the Authority assigns to the applicable Trustee all right, title and interest of the Authority in and to the Revenues payable to the Authority or to the Trustee for the account of the Authority (excluding fees and expenses payable to the Authority and the Authority's rights to indemnification).

The Master Indenture Notes

Concurrently with the issuance and delivery of each series of Bonds, HSC, on behalf of the Members, will issue a Note securing its obligations under each Agreement pursuant to the applicable Supplemental Master Indenture entered into by HSC, on behalf of the Members, with the Master Trustee, with respect to such series of

Bonds. Pursuant to the Master Indenture, an Obligated Group will be created comprising the current Members – HSC, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and the Grimes Center. Additional Members may join the Obligated Group by becoming a party to the Master Indenture, and Members may withdraw from the Obligated Group upon satisfaction of the conditions set forth in the Master Indenture, provided that neither Yale-New Haven Hospital nor Bridgeport Hospital shall cease to be a Member, without the prior written consent of the Authority and each Trustee. See APPENDIX F – "FORM OF MASTER INDENTURE" under the section headings "Entrance into the Obligated Group" and "Cessation of Status as a Member of the Obligated Group."

Each Note will be a joint and several obligation of the Members to pay the amounts becoming due under the applicable Agreement. The obligation of the Members with respect to each Note will be an absolute and unconditional general obligation of each Member secured by a lien on and security interest in the Gross Revenues of such Member, subject in each case to applicable Permitted Encumbrances (as defined in the Master Indenture). Each Note will be secured on a parity with each other 2014 Note, and any additional notes that may be issued in the future pursuant to the Master Indenture.

Gross Revenues; Limitations on Effectiveness of Pledge

In order to secure the prompt payment of all amounts due on the 2014 Notes and any additional notes or other obligations that may be issued in the future pursuant to the Master Indenture (collectively, the "Obligations"), the Members will pledge and assign to the Master Trustee, and grant a lien on and security interest in, for the equal and ratable benefit of the holders of all of the Obligations, all of their Gross Revenues. The lien on and security interest in Gross Revenues shall not prevent the expenditure, deposit or commingling of Gross Revenues by the Obligated Group and the System so long as no Event of Default shall have occurred under the Master Indenture and all required payments with respect to the Obligations are made when due.

The Master Indenture excludes from the definition of Gross Revenues all cash, cash equivalents, investment securities, endowment funds, and permanently or temporarily restricted assets from time to time on hand with a Member, and the proceeds thereof (the "Excluded Assets"), received prior to the event of any failure of the Obligated Group to pay any installment, premium, or other amount due on any Obligation when due and payable. Thus, the Bondowners do not have an interest in the Excluded Assets of the Obligated Group except to the limited extent such Excluded Assets are generated after the occurrence of such a payment default under the Master Indenture. Further, in the event of a bankruptcy filing by any Member prior to, or soon after the occurrence of a payment default, the Bondowners would have no security interest, or only a limited security interest, in the Excluded Assets of the Obligated Group on hand as of the date of such filing. The lack of a security interest in the Excluded Assets may adversely affect the rights of Bondowners in a bankruptcy of any Member, including by limiting the right of Bondowners to obtain replacement liens or other adequate protection in exchange for the debtor's use of cash collateral.

Subject to the foregoing limitation with respect to the Excluded Assets, upon the breach of any covenant or agreement of the Obligated Group contained in the Master Indenture, the Master Trustee will have the remedies of a secured party under the Connecticut Uniform Commercial Code and, at its option, may also pursue the remedies permitted under applicable laws as to such Gross Revenues. Upon the occurrence and continuance of an Event of Default (and after any grace period has expired) due to any failure of the Obligated Group to pay any installment, premium, or other amount due on any Obligation when due and payable, any Gross Revenues that are then received and any Gross Revenues thereafter received shall not be commingled or deposited but shall immediately, or upon receipt, be transferred by the Obligated Group on a daily basis to the Master Trustee. Such daily deposits shall continue until such Event of Default has been cured. The Master Trustee is authorized and directed to establish an account or accounts into which such Gross Revenues shall be deposited upon receipt by the Master Trustee. Amounts on deposit in such accounts shall be transferred first to the payment of Operating Expenses of the Members and second to the payment of debt service on all Obligations due and past due and thereafter shall be transferred as may be directed by the Obligated Group to and applied by the Obligated Group for its corporate purposes until the Master Trustee gives written notice to the Obligated Group of the exercise of remedies under the Master Indenture as secured party and the Master Trustee enforces its rights and interest in and to such accounts and the amounts on deposit therein.

The effectiveness of the security interest in Gross Revenues granted pursuant to the Master Indenture may be limited by a number of factors, including: (i) provisions prohibiting the direct payment of amounts due to health care providers from Medicaid and Medicare programs to persons other than such providers; (ii) the absence of an express provision permitting assignment of receivables due under payor contracts and present or future prohibitions against assignment contained in any applicable statutes or regulations; (iii) certain judicial decisions which cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of a Member, to collect and retain accounts receivable due such Member from Medicare, Medicaid and other governmental programs; (iv) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; and (v) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Connecticut Uniform Commercial Code as from time to time in effect.

In addition, the effectiveness of the security interest granted in the Gross Revenues may be limited if the proceeds thereof are commingled with other moneys of the Obligated Group and/or the System not subject to such security interest and if the Master Trustee does not take possession of any cash (or other items as to which possession is required for perfection of a security interest) constituting Gross Revenues or the proceeds thereof.

Negative Pledge

Each Member will covenant in the Master Indenture that it will not create or permit to be created or to exist any Lien (as defined in the Master Indenture) on any Property (as defined in the Master Indenture) of such Member now owned or hereafter acquired, other than Permitted Encumbrances. The Property restricted by this covenant includes all Property of the Members.

The Permitted Encumbrances include certain encumbrances heretofore and hereafter granted to secure indebtedness of the Members. Numerous encumbrances are permitted as described in APPENDIX F – "FORM OF MASTER INDENTURE" under the section heading "Permitted Encumbrances."

Additional Indebtedness

Any Member may incur additional indebtedness, subject to the limitations set forth in the Master Indenture. See APPENDIX F – "FORM OF MASTER INDENTURE" under the section heading "Permitted Indebtedness."

Letters of Credit for the Series C/D Bonds

While the Series C Bonds or the Series D Bonds bear interest at a Daily Rate or a Weekly Rate, the Agreement applicable to each such series of Bonds requires that such series of Bonds be supported by a Credit Facility. Upon the issuance of the Series C Bonds, the Series C Credit Facility Provider will provide the Series C Letter of Credit to the Series C Trustee. The Series C Letter of Credit will expire on May 2, 2016, but may be terminated earlier upon the occurrence of certain events set forth in the Series C Agreement and the Series C Reimbursement Agreement, or extended as provided in the Series C Reimbursement Agreement. The Series C Letter of Credit will be issued in an amount equal to $84,587,261, which equals the aggregate principal amount of the Series C Bonds, plus 35 days' accrued interest thereon at the Maximum Interest Rate of 12% per annum. Upon the issuance of the Series D Bonds, the Series D Credit Facility Provider will provide the Series D Letter of Credit to the Series D Trustee. The Series D Letter of Credit will expire on June 23, 2017, but may be terminated earlier upon the occurrence of certain events set forth in the Series D Agreement and the Series D Reimbursement Agreement, or extended as provided in the Series D Reimbursement Agreement. The Series D Letter of Credit will be issued in an amount equal to $109,805,682.19, which equals the aggregate principal amount of the Series D Bonds, plus 43 days' accrued interest thereon at the Maximum Interest Rate of 12% per annum. Under the terms of each Agreement, HSC may, at any time that is at least 45 days prior to the expiration or termination of a Letter of Credit, substitute such Letter of Credit with a substitute Credit Facility subject to the terms and conditions set forth in the applicable Agreement. The applicable series of Series C/D Bonds are subject to mandatory tender for purchase on the date that is two days prior to the expiration or voluntary termination by HSC of the respective Letter of Credit, on the effective date of a substitute Credit Facility with respect to such series, and on each Credit Facility Default Purchase Date with respect to such series. See "THE BONDS – Optional and Mandatory Tender for Purchase of Variable Rate Bonds - Mandatory Tender and Purchase of Variable Rate Bonds" and "THE LETTERS OF CREDIT AND THE CREDIT FACILITY PROVIDERS" herein.

ESTIMATED SOURCES AND USES OF PROCEEDS

The proceeds of the Bonds will be used for the purposes described under "PLAN OF FINANCE" herein. The estimated sources and uses of the proceeds of the Bonds (rounded to the nearest dollar) are shown below.

SOURCES:	
Principal Amount of Series A Bonds	$102,300,000
Plus Original Issue Premium on Series A Bonds	14,827,322
Principal Amount of Series B Bonds	168,275,000
Principal Amount of Series C Bonds	83,625,000
Principal Amount of Series D Bonds	108,275,000
Principal Amount of Series E Bonds	80,935,000
Plus Net Original Issue Premium on Series E Bonds	10,222,121
Funds on Deposit with the Refunded Bond Trustees	17,613,587
Total Sources of Funds	$586,073,030
USES:	
Refunding of Refunded Bonds	$490,448,217
Deposit to Series E Construction Fund	90,000,000
Costs of Issuance[†]	5,624,813
Total Uses of Funds	$586,073,030

[†] Includes Underwriters' discount, letter of credit fees, legal fees, rating agency fees and other expenses.

PLAN OF FINANCE

The proceeds of the Bonds will be used to (a) refund the Refunded Bonds, as described below, (b) finance the Project, as described below, and (c) pay costs of issuing the Bonds. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

The Project

Proceeds of the Series E Bonds will be deposited to the Construction Fund established pursuant to the Series E Indenture and used to finance the construction, renovation, improvement and equipping of certain facilities of Yale-New Haven Hospital and Bridgeport Hospital.

The Plan of Refunding

Proceeds of the Series C Bonds and the Series D Bonds will be applied to redeem the Series K Bonds and the Series L Bonds on or about the delivery date of the Bonds.

Proceeds of the Series A Bonds and the Series B Bonds required to defease the Series J-1 Bonds and the Series M Bonds will be deposited into separate escrow funds (together, the "Escrow Funds") with U.S. Bank National Association, as escrow agent. The proceeds of the Series A Bonds and the Series B Bonds deposited in the Escrow Funds will be either held in cash or invested in non-callable direct obligations of the United States, the principal of and interest on which when due will be sufficient to pay the Series J-1 Bonds and the Series M Bonds on their maturity dates for all such bonds that are non-callable, and on the first available optional redemption dates for the callable bonds (July 1, 2016 and July 1, 2020, respectively), at par, plus accrued and unpaid interest to the redemption date.

Interest Rate Hedges

On or about the date of issuance of the Series B Bonds, HSC expects to enter into one or more interest rate exchange agreements (collectively, the "2014 Hedge Agreement") with respect to all or a portion of the principal amount of the Series B Bonds, with one or more counterparties (each a "Counterparty). Under the 2014 Hedge Agreement, HSC expects to pay a fixed rate on the notional amount of the 2014 Hedge Agreement (which is scheduled to decline in accordance with the scheduled principal payments and/or sinking fund redemptions of the Series B Bonds), and in exchange the Counterparty will pay HSC a variable rate on the notional amount based on a percentage of one-month LIBOR. As security for HSC's obligations to the Counterparty under the 2014 Hedge Agreement, HSC expects that the Obligated Group will be required to deliver to the Counterparty a note issued pursuant to the Master Indenture, secured by a lien on Gross Revenues on parity with the liens on Gross Revenues securing the other 2014 Notes. The 2014 Hedge Agreement may be subject to early termination by the Counterparty under certain circumstances.

Yale-New Haven Hospital is a party to certain interest rate exchange agreements relating to the Series K Bonds and the Series L Bonds (the "Outstanding Hedge Agreements"). Yale-New Haven Hospital expects that either the Outstanding Hedge Agreements will remain in effect following the refunding of the Series K Bonds and the Series L Bonds through the issuance of the Series C/D Bonds, or that HSC will enter into one or more new interest rate exchange agreements with respect to the Series C/D Bonds (collectively, the "New Hedge Agreement"). If the Outstanding Hedge Agreements remain in effect, Yale-New Haven Hospital may enter into amendments to such agreements with the respective counterparties, which amendments could include the requirement that the Obligated Group issue notes under the Master Indenture to the counterparties to secure the obligations of Yale-New Haven Hospital under the Outstanding Hedge Agreements. If HSC enters into the New Hedge Agreement, HSC may issue a note under the Master Indenture to the counterparty to such agreement to secure HSC's obligations under the New Hedge Agreement. Any such notes issued under the Master Indenture would be secured by a lien on Gross Revenues on parity with the liens on Gross Revenues securing the 2014 Notes. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Selected Operating Information - Outstanding Indebtedness."

DEBT SERVICE SCHEDULE

The table on the following page sets forth, for each respective fiscal year ending September 30, the amount required to be paid for the principal of, sinking fund installments and interest on the Bonds, and total debt service on other outstanding long-term indebtedness secured by Obligations issued pursuant to the Master Indenture secured by a lien on Gross Revenues on a parity with the liens securing the Notes, including the Series O Bonds, the Series N Bonds, the Series 2013 Taxable Bonds, the Bridgeport Series D Bonds, and the Taxable Bonds.

	Debt Service on the Bonds							
Year Ending September 30	Series A Bonds	Series B Bonds[1]	Series C Bonds[1]	Series D Bonds[1]	Series E Bonds	Total Debt Service on the Taxable Bonds	Total Debt Service on other Long-Term Indebtedness[1]	Total Debt Service on Long-Term Indebtedness
2014	-	$ 905,880	$ 491,503	$ 620,078	-	-	$13,011,283	$15,028,745
2015	$ 5,228,667	4,795,838	8,958,938	3,282,768	$6,116,089	$2,268,535	13,011,683	43,662,517
2016	5,115,000	4,795,838	8,978,970	3,282,768	6,114,750	2,219,219	13,015,083	43,521,628
2017	5,115,000	4,795,838	8,997,124	3,282,768	6,114,750	2,219,219	13,011,083	43,535,781
2018	5,115,000	4,795,838	9,013,242	3,282,768	6,115,950	2,219,219	13,014,833	43,556,850
2019	5,115,000	4,795,838	9,037,128	3,282,768	6,112,450	2,219,219	14,164,083	44,726,485
2020	5,115,000	4,795,838	9,063,376	3,282,768	6,112,700	2,219,219	14,160,833	44,749,734
2021	5,115,000	4,795,838	9,081,681	3,282,768	6,116,200	2,219,219	14,159,033	44,769,739
2022	5,115,000	4,795,838	9,101,991	3,282,768	6,112,450	2,219,219	14,160,783	44,788,049
2023	5,115,000	4,795,838	9,123,995	3,282,768	6,116,450	2,219,219	14,159,833	44,813,102
2024	5,115,000	4,795,838	9,147,380	3,282,768	6,112,450	2,219,219	14,165,333	44,837,987
2025	5,115,000	4,795,838	9,171,835	3,282,768	6,115,450	2,219,219	14,161,408	44,861,518
2026	16,330,000	4,795,838	-	3,282,768	6,114,700	2,219,219	10,355,408	43,097,932
2027	16,329,250	4,795,838	-	3,282,768	6,114,950	2,219,219	10,356,908	43,098,932
2028	16,330,500	4,795,838	-	3,282,768	6,115,700	2,219,219	10,354,408	43,098,432
2029	16,337,250	4,795,838	-	3,282,768	6,111,450	2,219,219	10,352,908	43,099,432
2030	16,327,750	4,795,838	-	3,282,768	6,111,950	2,219,219	10,357,158	43,094,682
2031	16,331,250	4,795,838	-	3,282,768	6,115,600	2,219,219	10,356,658	43,101,332
2032	13,250,500	4,795,838	-	6,338,898	6,111,850	2,219,219	10,356,408	43,072,712
2033	9,493,000	4,795,838	-	10,126,590	6,111,350	2,219,219	10,352,995	43,098,992
2034	5,533,500	4,795,838	-	14,142,463	6,103,350	2,219,219	10,352,470	43,146,839
2035	-	4,795,838	-	24,435,274	1,347,600	2,219,219	10,354,070	43,152,000
2036	-	4,795,838	-	24,516,950	1,496,200	2,219,219	10,352,870	43,381,076
2037	-	13,305,225	-	837,000	5,777,200	2,219,219	21,633,870	43,772,514
2038	-	13,300,410	-	837,000	-	8,569,219	21,637,890	44,344,519
2039	-	13,303,684	-	837,000	-	8,571,406	21,635,496	44,347,586
2040	-	13,309,643	-	837,000	-	8,566,344	21,630,814	44,343,800
2041	-	6,271,631	-	837,000	-	8,568,813	28,672,754	44,350,197
2042	-	6,264,930	-	837,000	-	8,567,938	28,677,419	44,347,287
2043	-	6,266,329	-	837,000	-	8,568,281	28,677,334	44,348,944
2044	-	22,393,616	-	8,790,400	-	8,569,188	4,590,750	44,343,954
2045	-	22,401,641	-	8,820,167	-	-	4,591,500	35,813,308
2046	-	22,398,968	-	8,851,117	-	-	4,591,000	35,841,084
2047	-	22,400,381	-	8,883,150	-	-	4,594,000	35,877,531
2048	-	22,405,313	-	8,916,167	-	-	4,590,000	35,911,479
2049	-	25,209,844	-	-	-	-	10,724,775	35,934,618
2050	-	-	-	-	-	-	10,772,932	10,772,932
2051	-	-	-	-	-	-	10,822,102	10,822,102
2052	-	-	-	-	-	-	10,872,001	10,872,001
2053	-	-	-	-	-	-	10,922,346	10,922,346

[1] Interest on un-hedged tax-exempt variable rate debt is assumed to accrue at the rate of 2.0% per annum. Interest on the Series B Bonds, which is expected to be subject to an interest rate hedge agreement that has not yet been executed, is assumed to accrue at the rate of 2.85% per annum. Interest on the other variable rate debt that is subject to an existing interest rate hedge agreement is calculated at the fixed rate payable under such agreement. See "Selected Operating Information – Outstanding Indebtedness" in Appendix A and Note 8 to HSC's audited financial statements attached hereto as Appendix B-1.

THE LETTERS OF CREDIT AND THE CREDIT FACILITY PROVIDERS

The Series C Letter of Credit

Concurrently with the execution and delivery of the Series C Bonds, the Series C Credit Facility Provider will deliver the Series C Letter of Credit to the Series C Trustee. The Series C Trustee will be permitted to draw an aggregate amount not to exceed $84,587,261 (the principal amount of the Series C Bonds with provision for interest calculated at an interest rate of 12% for 35 days, based upon a 365-day year), and subject to reductions and reinstatements provided in the Series C Letter of Credit (the "Series C Stated Amount"). The Series C Letter of Credit will permit the Series C Trustee to draw thereunder, in accordance with the terms thereof, to pay (i) the principal, redemption amounts and interest, but not premium, if any, on the Series C Bonds bearing interest at a Daily Rate or a Weekly Rate, and (ii) the Purchase Price of any Series C Bonds tendered but not remarketed by the applicable Remarketing Agent. All moneys drawn under the Series C Letter of Credit will be paid to the Series C Trustee for deposit in accordance with the Series C Indenture, as appropriate.

The Series C Letter of Credit is an irrevocable obligation of the Series C Credit Facility Provider to pay to the Series C Trustee, upon request and presentation of necessary documentation under the Series C Letter of Credit, amounts available to be drawn thereunder. The Series C Trustee may draw upon the Series C Letter of Credit up to the Series C Stated Amount (subject to reduction and reinstatement as provided in the Series C Letter of Credit) for any of the following purposes:

"A Drawing" means a draw under the Series C Letter of Credit to pay the principal (including sinking fund installments) of the Series C Bonds which is due and payable at their stated maturity, acceleration or redemption pursuant to the provisions of the Series C Indenture.

"B Drawing" means a draw under the Series C Letter of Credit to pay interest on the Series C Bonds due on an Interest Payment Date.

"C Drawing" means a draw under the Series C Letter of Credit to pay the Purchase Price of Series C Bonds being optionally or mandatorily tendered or deemed tendered and purchased, pursuant to the provisions of the Series C Indenture, together with accrued interest thereon.

If the Series C Trustee draws on the Series C Letter of Credit pursuant to a C Drawing and provided no Event of Default exists under the Series C Reimbursement Agreement, the amounts available to be drawn by the Series C Trustee under the Series C Letter of Credit for principal and interest shall be reinstated only when and to the extent the Series C Credit Facility Provider is reimbursed by or on behalf of HSC for such C Drawing. If the Series C Trustee draws on the Series C Letter of Credit pursuant to a B Drawing made in respect of interest payable on an Interest Payment Date, the Series C Trustee's right to draw on the Series C Credit Facility Provider for a subsequent B Drawing shall be automatically reinstated effective at the close of business on the calendar day that such B Drawing is paid to the Series C Trustee to an amount equal to 35 days' accrued interest (computed at the Maximum Rate on the basis of a 365-day year) on the then applicable Principal Component of the Series C Letter of Credit.

The Series D Letter of Credit

Concurrently with the execution and delivery of the Series D Bonds, the Series D Credit Facility Provider will deliver the Series D Letter of Credit to the Series D Trustee. The Series D Trustee will be permitted to draw an aggregate amount not to exceed $109,805,682.19 (the principal amount of the Series D Bonds with provision for interest calculated at an interest rate of 12% for 43 days, based upon a 365-day year), and subject to reductions and reinstatements provided in the Series D Letter of Credit (the "Series D Stated Amount"). The Series D Letter of Credit will permit the Series D Trustee to draw thereunder, in accordance with the terms thereof, to pay (i) the principal, redemption amounts and interest, but not premium, if any, on the Series D Bonds bearing interest at a Daily Rate or a Weekly Rate and (ii) the Purchase Price of any Series D Bonds tendered but not remarketed by the applicable Remarketing Agent. All moneys drawn under the Series D Letter of Credit will be paid to the Series D Trustee for deposit in accordance with the Series D Indenture, as appropriate.

The Series D Letter of Credit is an irrevocable obligation of the Series D Credit Facility Provider to pay to the Series D Trustee, upon request and presentation of necessary documentation under the Series D Letter of Credit, amounts available to be drawn thereunder. The Series D Trustee may draw upon the Series D Letter of Credit up to the Series D Stated Amount (subject to reduction and reinstatement as provided in the Series D Letter of Credit) for any of the following purposes:

"Interest Drawing" means a draw under the Series D Letter of Credit to pay interest on the Series D Bonds due on an Interest Payment Date.

"Redemption Drawing" means a draw under the Series D Letter of Credit to pay principal (including sinking fund installments) and interest of Series D Bonds upon an optional or mandatory redemption of Series D Bonds pursuant to the provisions of the Series D Indenture.

"Liquidity Drawing" means a draw under the Series D Letter of Credit to pay the Purchase Price of Series D Bonds being optionally or mandatorily tendered or deemed tendered and purchased, pursuant to the provisions of the Series D Indenture, together with accrued interest thereon.

"Acceleration Drawing" means a draw under the Series D Letter of Credit to pay the principal of and interest on the Series D Bonds the payment of which has been accelerated pursuant to the terms of the Series D Indenture.

"Stated Maturity Drawing" means a draw under the Series D Letter of Credit to pay the principal of and interest on the Series D Bonds which is due and payable at their stated maturity pursuant to the provisions of the Series D Indenture.

If the Series D Trustee draws on the Series D Letter of Credit pursuant to a Liquidity Drawing and provided no Event of Default exists under the Series D Reimbursement Agreement, the amounts available to be drawn by the Series D Trustee under the Series D Letter of Credit for principal shall be reinstated only when and to the extent the Series D Credit Facility Provider is reimbursed by or on behalf of HSC for such Liquidity Drawing. If the Series D Trustee draws on the Series D Letter of Credit pursuant to an Interest Drawing and the Series D Credit Facility Provider has not notified the Series D Trustee within four Business Days after payment in respect of such drawing the Series D Letter of Credit will not be reinstated, the Series D Trustee's right to draw on the Series D Credit Facility Provider for a subsequent Interest Drawing shall be automatically reinstated effective at 11:00 a.m. on the fifth Business Day after payment of such Interest Drawing to the Series D Trustee to an amount equal to 43 days' accrued interest (computed at the Maximum Rate on the basis of a 365-day year) on the then applicable Principal Component of the Series D Letter of Credit.

Expiration of the Letters of Credit

The Series C Letter of Credit shall expire upon the earliest of: (i) the date on which all available amounts under the Series C Letter of Credit have been drawn and are not subject to reinstatement pursuant to the terms thereof; (ii) the business day following the date on which the Series C Credit Facility Provider receives a written notice signed by an authorized officer of the Series C Trustee stating that: (A) no Series C Bonds are Outstanding under the Series C Indenture, (B) the Series C Trustee has received a Substitute Credit Facility, or (C) all of the Series C Bonds have been converted to bear interest at a rate other than a Daily Rate or a Weekly Rate; or (iii) May 2, 2016 (or such later date to which the Letter of Credit Expiration Date of the Series C Letter of Credit has been extended pursuant to the Series C Letter of Credit).

The Series D Letter of Credit shall expire on the earliest of: (i) June 23, 2017 (or such later date to which the Stated Expiration Date of the Series D Letter of Credit has been extended pursuant to the Series D Letter of Credit); (ii) the earliest to occur of (A) the date which is ten days following the date on which all of the Series D Bonds have been converted to bear interest at a rate other than a Daily Rate or a Weekly Rate (an "Ineligible Conversion"), or (B) the date on which the Series D Credit Facility Provider honors a drawing under the Series D Letter of Credit on or after an Ineligible Conversion; (iii) the date on which the Series D Credit Facility Provider receives a written notice signed by an authorized officer of the Series D Trustee stating that: (A) no Series D Bonds are Outstanding under the Series D Indenture, (B) all drawings required to be made under the Series D Indenture and

available under the Series D Letter of Credit have been made and honored, or (C) a Substitute Credit Facility has been issued to replace the Series D Letter of Credit pursuant to the Series D Indenture; (iv) the date on which an Acceleration Drawing or a Stated Maturity Drawing is honored by the Series D Credit Facility Provider; or (v) the date which is fourteen days following receipt by the Series D Trustee of written notice from the Series D Credit Facility Provider of an Event of Default under the Series D Reimbursement Agreement, and directing the Series D Trustee to cause an acceleration of the Series D Bonds.

The expiration date of the each Letter of Credit may be extended for an additional period acceptable to the issuing Credit Facility Provider in the sole discretion of such Credit Facility Provider at the times and under the conditions specified in the applicable Reimbursement Agreement.

Substitute Credit Facility

At any time which is at least 45 days prior to the expiration or termination of a Credit Facility, HSC may provide for the delivery of a Substitute Credit Facility, which shall be effective on a Business Day no later than the second day (or if such day is not a Business Day, the Business Day preceding such day) prior to the applicable Credit Facility Termination Date. A Substitute Credit Facility shall not become effective unless any Credit Facility Provider Bonds held on the Credit Facility Mandatory Tender Date by the existing Credit Facility Provider have been released in writing by such existing Credit Facility Provider. On or prior to the date of the delivery of such Substitute Credit Facility to the Trustee, there shall be delivered to the Authority and the Trustee: (i) a substitute Credit Facility to replace the Credit Facility then in effect, (ii) a Favorable Opinion of Counsel, (iii) a written Opinion of Counsel for the provider of the Substitute Credit Facility, and (iv) the written consent of the Authority to the selection of the new Credit Facility Provider. Upon the satisfaction of the conditions described in the preceding sentence, the Trustee shall accept such Substitute Credit Facility on the Credit Facility Mandatory Tender Date relating thereto, which Substitute Credit Facility shall be effective on the Credit Facility Substitution Date, and shall surrender the Credit Facility then in effect to the existing Credit Facility Provider on the Credit Facility Substitution Date.

The Reimbursement Agreements

The Series C Credit Facility Provider will issue the Series C Letter of Credit pursuant to the terms of the Series C Reimbursement Agreement. Reference is made to the Series C Reimbursement Agreement for complete details of the terms thereof. See APPENDIX J-1 – "SUMMARY OF THE SERIES C REIMBURSEMENT AGREEMENT" for a summary of certain provisions of the Series C Reimbursement Agreement. The Series D Credit Facility Provider will issue the Series D Letter of Credit pursuant to the terms of the Series D Reimbursement Agreement. Reference is made to the Series D Reimbursement Agreement for complete details of the terms thereof. See APPENDIX J-2 – "SUMMARY OF THE SERIES D REIMBURSEMENT AGREEMENT" for a summary of certain provisions of the Series D Reimbursement Agreement.

The Credit Facility Providers

See APPENDIX K-1 – "INFORMATION CONCERNING THE SERIES C CREDIT FACILITY PROVIDER" for a summary description and certain financial information of the Series C Credit Facility Provider. See APPENDIX K-2 – "INFORMATION CONCERNING THE SERIES D CREDIT FACILITY PROVIDER" for a summary description and certain financial information of the Series D Credit Facility Provider.

BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY

The following discussion of the risks that could affect payments to be made by the Obligated Group with respect to the Bonds is not intended to be definitive, dispositive or comprehensive, but rather is intended to summarize certain factors that could adversely affect the ability of HSC and the other Members to make payments when due pursuant to the Agreements and the Notes issued pursuant to the Master Indenture. See also APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP."

Purchase of the Bonds involves a degree of risk. In order to identify risk factors and make an informed investment decision as to whether the Bonds are an appropriate investment, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto). Certain of the risk factors associated with the purchase of the Bonds are described below. The following list of possible risk factors, while not necessarily setting forth all the factors that should be considered, includes some of the risk factors that should be considered prior to purchasing the Bonds. This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive, and is for informational purposes only. Prospective purchasers of the Bonds should give careful consideration to the issues discussed in the following summary.

CONSEQUENTLY, THE INFORMATION SET FORTH IN THE FOLLOWING DISCUSSION OF BONDOWNERS' RISKS IS LIMITED. IT IS NOT A DEFINITIVE LIST OF RISKS, NOR DOES IT PURPORT TO DESCRIBE ALL RISKS THAT ARE SPECIFIC TO THE OBLIGATED GROUP.

General

The Bonds are special obligations of the Authority payable solely from the payments made by HSC and the other Members under the Agreements and the Notes issued pursuant to the Master Indenture, and the security provided therefor, and from other funds held pursuant to the Indentures and the Master Indenture. Future revenues and expenses of the Members will be affected by events and conditions relating generally to, among other things, payment for services; demand for the services of Members; rates; costs; third-party reimbursement; the ability of the Members to provide the services required by patients; physicians' relationships with the Members; the ability to control expenses and maintain relationships with third party payers; management capabilities; the correctness of the design and success of the strategic plans; economic developments in the service area; industry competition; legislation; and government regulation. While the Members reasonably expect in the future to generate sufficient revenues to cover their expenses, third-party payments, statutes and regulations governing hospitals and reimbursement, and contractual terms and provisions may change, and unanticipated events and circumstances may occur that cause variations from this expectation, and the variations may be material. Accordingly, there is no assurance that the Members will realize sufficient income from operations in future years to meet their obligations, including payments with respect to the Bonds. The following general factors, among others, could affect the level of revenues to the Members or their financial condition or otherwise result in risks for Bondowners in addition to the risks set forth above.

No Obligation of State

NEITHER THE STATE OF CONNECTICUT NOR ANY POLITICAL SUBDIVISION THEREOF NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM THE MONEYS TO BE PROVIDED UNDER THE AGREEMENTS OR THE NOTES AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER NOR ANY MORAL OBLIGATION OF THE STATE OF CONNECTICUT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

Risk Related to the Bonds

Prepayment Risks

Upon the occurrence of certain events of default under the Agreements or the Indentures, the Trustee may and upon the direction of a requisite percentage of the Beneficial Owners of an aggregate principal of the applicable series of Bonds Outstanding shall accelerate the repayment of the loan by the Obligated Group pursuant to the applicable Agreement. See Appendices E-1 and E-2 under the heading "Events of Default." Also, since the Bonds are subject to optional redemption, the Bonds may not remain outstanding until their stated maturities.

Default by the Obligated Group or the Authority

No representations or assurances can be given that the Members or the Authority will not default in performing their respective obligations under the Indentures, the Agreements, the Master Indenture or any of the other financing documents. If an Event of Default occurs under an Indenture, the applicable Trustee may accelerate the maturity of the applicable series of the Bonds. Interest on the Bonds shall cease to accrue on the date of payment of principal due upon any such acceleration.

Enforceability of Remedies

The remedies available to the Trustee, the Authority and the Bondowners upon an Event of Default under the Agreements are in many respects dependent upon judicial actions which are, in turn, often subject to discretion and delay. Under existing constitutional and statutory laws and judicial decisions, including specifically the federal Bankruptcy Code, a particular remedy specified by the Indentures may not be readily available or, if available, may be limited or subject to substantial delay. The various legal opinions to be delivered concurrently with the issuance and delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by principles of equity and by bankruptcy, reorganization, insolvency, moratorium and similar laws affecting the rights of creditors generally.

Enforceability of Lien on Gross Revenues

Pursuant to the Master Indenture, the Members have granted a security interest in their Gross Revenues in order to secure the principal and Redemption Price of and interest on the Bonds and the performance by the Obligated Group of its obligations under the Master Indenture and the Notes.

To the extent that Gross Revenues are derived from payments by the federal or state government under the Medicare or Medicaid program, any right to receive such payments directly may be unenforceable. The Social Security Act and state regulations prohibit anyone other than the individual receiving care or the institution providing service from collecting Medicare and Medicaid payments directly from the federal or state government. In addition, Medicare and Medicaid receivables may be subject to the provisions of the Assignment of Claims Act of 1940, which restricts the ability of a secured party to collect accounts directly from government agencies. With respect to receivables and Gross Revenues not subject to the lien, the Trustee would occupy the position of an unsecured creditor. Counsel to the Obligated Group has not provided an opinion with regard to the enforceability of the lien on Gross Revenues of the Obligated Group where such Gross Revenues are derived from Medicare and Medicaid programs.

The Obligated Group has agreed to perfect its grant of a security interest in its Gross Revenues to the extent, and only to the extent, that such security interest may be perfected by the filing of financing statements under the Uniform Commercial Code of the State of Connecticut. The Obligated Group has further agreed that upon the occurrence of an event of default for non-payment of Obligations under the Master Indenture, the Obligated Group will transfer its Gross Revenues to the Master Trustee for deposit in a Gross Revenues Account (as defined in the Master Indenture) to be established by the Master Trustee under the Master Indenture. A security interest in the proceeds of the Obligated Group's Gross Revenues will not be perfected until such a transfer occurs and the Obligated Group executes an agreement giving the Master Trustee control over such proceeds. It may not be possible to perfect a security interest in any manner whatsoever in certain types of Gross Revenues (e.g., gifts, donations and certain insurance proceeds). The grant of a security interest in Gross Revenues may be subordinated to the interest and claims of others in several circumstances (for instance statutory liens; liens in favor of the United States or an agency thereof; where assignment violates existing or future prohibitions on assignment under statute; liens imposed through the exercise by courts of equitable powers; and rights arising under federal bankruptcy or state insolvency laws).

In the event of bankruptcy of a Member and absent court authorization, the Trustee would have no lien on receivables of such Member created after commencement of the bankruptcy case. In addition, transfers of property by the bankrupt entity, including the payment of debt or the transfer of any collateral, including receivables and Gross Revenues on or after the date that is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court may be subject to avoidance and recovery as preferential transfers. Under certain

circumstances, a court may have the power to direct the use of Gross Revenues to meet expenses of the bankrupt Member before paying debt service on the Bonds.

The value of the security interest in the Gross Revenues could be diluted by the incurrence of additional indebtedness secured equally and ratably with the Notes. See APPENDIX F - "FORM OF MASTER INDENTURE" under the section headings "Permitted Indebtedness" and "Permitted Encumbrances."

The Master Indenture excludes from the definition of Gross Revenues the Excluded Assets received prior to the event of any failure of the Obligated Group to pay any installment, premium, or other amount due on any Note when due and payable. See "Security and Sources of Payment for the Bonds - Gross Revenues, Limitation on Effectiveness of Pledge" herein.

HSC and the other Members (other than Bridgeport Hospital and BH Foundation) have not previously participated together in an obligated group for borrowing purpose. While the use of obligated groups is common among not-for-profit hospital systems nationally, there is no governing legal precedent under Connecticut state law that supports the enforceability of essential elements of the obligated group concept. See "Risks Related to Master Indenture" below.

Secondary Market for the Bonds

There can be no guarantee there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

General Tax-Related Risks

Loss of Federal Tax Exemption

If the Members do not comply with certain covenants in the Agreements related to maintenance of federal tax exemption or if certain representations made by the Members in the Agreements and the Master Indenture or certain certificates of the Members related to maintenance of federal tax exemption are false or misleading, the interest payable on the Bonds may become subject to federal income taxation retroactive to the date of issuance of the Bonds regardless of the date on which noncompliance or misrepresentation occurs or is ascertained. In the event that interest on the Bonds should become subject to federal income taxation, the Indentures do not provide for the redemption of the Bonds, the acceleration of the payment of debt service on the Bonds, or an increase in interest paid on the Bonds. A breach of the tax covenants set forth in the Indentures by the Authority, or a breach of the tax covenants set forth in the Agreements or in the Tax Regulatory Agreement by the Members, however, may result in an Event of Default under the Indentures or the Agreements, and the exercise of appropriate remedies, including acceleration of payments, thereunder.

Changes in Federal Tax Law

From time to time proposals are introduced in Congress that, if enacted into law, could have an adverse effect on the potential benefits of the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and thus on the economic value of the Bonds. Adverse effects of this kind could result from reductions in federal income tax rates, changes in the structure of the federal income tax rates, changes in the structure of the federal income tax on its replacement with another type of tax repeal of the exclusion of the interest of the Bonds from gross income for such purposes, or otherwise. It is not possible to predict whether any legislation having an adverse effect on the tax treatment of holders of the Bonds may be proposed or enacted.

General Financial Risks

Financial Status of the Members

The financial success of the Members may affect the risk of an acceleration of the Bonds prior to maturity. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP," APPENDIX B-1 – "CONSOLIDATED FINANCIAL STATEMENTS OF YALE-NEW HAVEN HEALTH SERVICES CORPORATION AND SUBSIDIARIES FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012," APPENDIX B-2 – "UNAUDITED FINANCIAL INFORMATION FOR THE OBLIGATED GROUP," and APPENDIX B-3 – "UNAUDITED FINANCIAL STATEMENTS OF YALE-NEW HAVEN HEALTH SERVICES CORPORATION AND SUBSIDIARIES FOR THE FIVE-MONTH PERIODS ENDED FEBRUARY 28, 2014 AND 2013."

The future financial condition of the Members could be adversely affected by, among other things, changes in the method and amount of payments to the Members by governmental and nongovernmental payors, the financial viability of these payors, increased competition from other health care entities, the costs associated with responding to governmental actions and investigations, demand for health care, alternative forms of care or treatment, changes in the methods by which employers purchase health care for employees, capability of management, changes in the structure of how health care is delivered and paid for, future changes in the economy, demographic changes, availability of physicians, nurses and other health care professionals, and adverse litigation results.

Significant Risk Areas Summarized

Certain of the primary risks associated with the operations of acute care hospitals and other health care provider businesses similar to those operated by the Members are briefly summarized in general terms below and some are explained in greater detail in subsequent sections. The occurrence of one or more of these risks could have a material adverse effect on the financial condition and results of operations of one or more Members and, in turn, the ability of HSC to make payments under the Indentures and the Agreements. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP."

General Economic Conditions; Bad Debt, Indigent Care and Investment Losses. Hospitals and health care providers are economically influenced by the environment in which they are located. To the extent that state, county or city governments are unable to provide a safety net of medical services, pressure is applied to local hospitals and health care providers to increase free care. Economic downturns and negative changes in eligibility for or funding of state Medicaid programs may increase the number of patients treated by hospitals who are uninsured, underinsured or otherwise unable to pay for some or all of their care. These conditions may give rise to increased bad debt and higher indigent care utilization. At the same time, non-operating revenue from investments may be reduced or eliminated. Investment losses (even if unrealized) may trigger debt covenants to be violated and may jeopardize hospitals' economic security. Losses in pension and benefit fund assets may result in increased funding requirements. Potential failure of lenders, insurers or vendors may negatively affect the results of operations and the overall financial condition of health care providers. Philanthropic support may also decrease or be delayed. These factors may have a material adverse effect on hospitals and health care providers.

Reliance on Medicare. The Members that are health care providers rely to a high degree on payment from the federal Medicare program, and future payment restraints are predicted. Recent, as well as future, changes in the underlying law and regulations, as well as in payment policy and timing, create uncertainty and could have a material adverse effect on payment streams from Medicare. With health care spending reported to be increasing faster than the rate of general inflation, Congress and the Centers for Medicare and Medicaid Services ("CMS") are expected to take action in the future to decrease or restrain Medicare outlays for hospitals and other health care providers. See "Patient Service Revenues – The Medicare Program" below.

State Medicaid Program. The Connecticut Medicaid program is an important payor source to many hospitals in the State. This program often pays hospitals at levels that are substantially below the actual cost of care. Because Medicaid programs are partially funded by the State, the financial condition of the State is likely to result in

lower funding levels and/or payment delays, which could have a material adverse impact. See "Federal and State Budget Cuts" and "Patient Service Revenues – Connecticut State Budget" below.

Rate Pressure from Insurers and Major Purchasers. Certain health care markets, including many communities in Connecticut, reflect extensive market presence of large health insurers and, in some cases, major purchasers of health services. In those areas, health insurers may have significant influence over rates, utilization and competition of hospitals and other health care providers. Rate pressure imposed by health insurers or other major purchasers, including managed care payors, may have a material adverse effect on hospitals and other health care providers, particularly if major purchasers put increasing pressure on payors to restrain rate increases. Business failures by health insurers also could have a material adverse effect on contracted hospitals and other health care providers in the form of payment shortfalls or delays, and/or continuing obligations to care for managed care patients without receiving payment. In addition, disputes between hospitals and payors are increasing and may result in a delay or inability to collect charges from payors.

Consolidation, New Business Models and New Risks. As they face the changes brought about by federal health care reform (see "Health Care Reform" and "Patient Service Revenues" below) and federal and state budgetary constraints (see "Federal and State Budget Cuts" below) health care providers (particularly not-for-profit hospitals) are planning and implementing transactions and initiatives that are designated to enable them to reduce costs, increase access to capital and develop new sources of revenue. Not-for-profit hospitals are seeking to consolidate previously independent organizations and to employ physicians on a larger scale. Strategies of this kind are often intended to provide a foundation for the management of population health, and in turn for provider networks to participate in the ownership of entities that can enter into arrangements with health insurers or employers to share in gains from the achievement of favorable outcomes in the delivery of health care (see "Other Risk Factors -- Integrated Delivery Systems and Patient Centered Medicine" below). A primary measure of favorable outcomes of this kind is expected to be the reduction in the rate of inpatient admissions. Not-for-profit hospitals are also seeking to ally themselves with for-profit hospitals and other sources of needed capital to enable the not-for-profit hospitals to meet the challenges they face.

Transactions and initiatives of these kinds are expected to place new demands on management of not-for-profit hospitals and to expose not-for-profit hospital systems to new risks with respect to which they have little experience and a limited track record of performance. While certain not-for-profit hospital systems are better equipped than others to deal with challenges of this type, there is no way to predict the outcome that any particular not-for-profit hospital system will have in undertaking these kinds of transactions and initiatives. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Service Area, Service Share Information and Strategy" for a description of the kinds of transactions and initiatives of this kind in which HSC and the Members are currently involved.

Extensive Regulatory Oversight. The Members are subject to a wide variety of federal and state regulatory actions and legislative and policy changes by those governmental and private agencies that administer Medicare, Medicaid and other payors and are subject to actions by, among others, the National Labor Relations Board, The Joint Commission, CMS, the Federal Trade Commission, the Attorney General of the State of Connecticut, the Connecticut Department of Social Services and other federal, state and local government agencies. Additional health care related legislation may subject hospitals and other providers to broader and more stringent administrative compliance and reporting requirements, including requirements related to patient privacy and cost control measures. In addition to creating potentially significant additional administrative costs, such initiatives may result in increased enforcement activity and related costs. Regulatory oversight at both the federal and state levels may increase as HSC and the Members enter into new kinds of transactions and initiatives, and may impose constraints that delay the implementation or limit the effectiveness of such transactions and initiatives to achieve their objectives. See "Increasing Competition and State Legislation Affecting Affiliation Transactions" below.

Nonprofit Health Care Environment. Recently, an increasing number of the operations and practices of tax-exempt hospitals have been challenged or questioned to determine if they are consistent with the regulatory requirements that apply to nonprofit tax-exempt organizations. These include pricing practices, billing and collection practices, charitable care, executive compensation, and property tax exemption requirements. The challenges and examinations, and any resulting legislation, regulations, judgments or penalties, could have a material adverse effect on the Members to the extent that they apply to the Members. Significant changes in the

obligations of nonprofit, tax-exempt hospitals and challenges to or loss of the tax-exempt status of nonprofit hospitals generally, or Members in particular, could have a material adverse effect. See "Tax-Exempt Status and Other Tax Matters" and "Nonprofit Health Care Environment" below.

Personnel Shortages. From time to time, shortages of physicians and nursing and other technical personnel occur, which may have its primary impact on hospitals. Various studies have predicted that physician and nursing shortages will become more acute over time, and grow to significant proportions. In addition, shortages of other professional and technical staff such as pharmacists, therapists, laboratory technicians, billing coders and others may occur or worsen. A new influx of patients with insurance coverage, as a result of health care reform initiatives, may exacerbate personnel issues. Hospital operations, patient and physician satisfaction, financial condition and future growth could be negatively affected by personnel shortages, resulting in material adverse impact.

Labor Costs and Disruption. The delivery of health care services is labor intensive. Labor costs, including salary, benefits and other liabilities associated with the workforce have significant impact on the operations and financial condition of hospitals and other health care providers. Hospital employees are increasingly organized in collective bargaining units and may be involved in work actions of various kinds, including work stoppages and strikes. Overall costs of the hospital workforce are high, and turnover is high. Pressure to recruit, train and retain qualified employees is expected to accelerate. These factors may materially increase hospital costs of operation. Workforce disruption may negatively impact hospital revenues and reputation.

Federal Health Care Reform and Deficit Reduction. The Patient Protection and Affordable Care Act (the "ACA") was enacted in March 2010. In June 2012, the Supreme Court upheld most provisions of the ACA, while limiting the power of the federal government to penalize states for refusing to expand Medicaid. The ACA addresses almost all aspects of hospital and provider operations and health care delivery, and has changed and is changing how health care services are delivered and reimbursed. These changes will result in new payment models with the risk of lower health care provider reimbursement from Medicare, utilization changes, increased government enforcement and the necessity for health care providers to assess, and potentially alter, their business strategy and practices, among other consequences. While many providers will receive reduced payments for care, millions of uninsured Americans may have coverage. Requirements for state "health insurance exchanges" could fundamentally alter the health insurance market and negatively affect health care providers by enabling insurers to aggressively negotiate rates. Federal deficit reduction efforts will likely curb federal Medicare spending further, to the detriment of providers.

Capital Needs vs. Capital Capacity. Hospital and other health care operations are capital intensive. Regulation, technology and physician/patient expectations require constant and often significant capital investment. Not-for-profit hospitals and providers have limited access to capital other than from debt financing, and the ability of not-for-profit hospitals and providers to access debt markets may be limited by contractual restrictions and marketplace conditions. Total capital needs may outstrip capital capacity. Furthermore, capital capacity of hospitals and health systems may be reduced as a result of credit market dislocations.

Government "Fraud" Enforcement. "Fraud" in government funded health care programs is a significant concern of the federal government and many state regulatory agencies overseeing health care programs, and is one of the federal government's prime law enforcement priorities. The federal government and, to a lesser degree, state governments impose a wide variety of extraordinarily complex and technical requirements intended to prevent over-utilization based on economic inducements, misallocation of expenses, overcharging and other forms of "fraud" in the Medicare and Medicaid programs, as well as other state and federally-funded health care programs. This body of regulation impacts a broad spectrum of hospital activity, including billing, accounting, recordkeeping, medical staff oversight, physician contracting and recruiting, cost allocation, clinical trials, discounts and other functions and transactions.

Violations and alleged violations may be deliberate, but also frequently occur in circumstances where management is unaware of the conduct in question, as a result of mistake, or where the individual participants do not know that their conduct is in violation of law. Violations may occur and be prosecuted in circumstances that do not have the traditional elements of fraud, and enforcement actions may extend to conduct that occurred in the past. Violations carry significant sanctions. The government periodically conducts widespread investigations covering

categories of services or certain accounting or billing practices. The government also frequently conducts audits of hospitals and other healthcare providers.

The federal Office of Inspector General ("OIG") recently concluded an audit of Yale-New Haven Hospital's compliance with certain Medicare regulations during calendar years 2010 and 2011 as part of a national audit of hospitals with a focus on risk areas identified by OIG. The areas audited were (i) inpatient short stays, (ii) same day discharge and readmissions, (iii) outpatient medical device credits, (iv) inpatient medical device credits, (v) inpatient paid greater than charges, (vi) proper coding of complication or comorbidity or major complication or comorbidity claims and (vii) outpatient evaluation and management services. At its exit conference with OIG, Yale-New Haven Hospital was advised that the audit had identified a number of claims that were billed incorrectly, resulting in an estimated overpayment of approximately $1.8 million. A final written audit report has not yet been received.

The government and/or private "whistleblowers" often pursue aggressive investigative and enforcement actions. The government has a wide array of civil, criminal and monetary penalties, including withholding payments from the Medicare or Medicaid programs, or exclusion from those programs. Aggressive investigation tactics, negative publicity and threatened penalties can be, and often are, used to force settlements, payment of fines and prospective restrictions that may have a materially adverse impact on hospital operations, financial condition, results of operations and reputation. Multi-million dollar fines and settlements for alleged intentional misconduct, fraud or false claims are not uncommon in the health care industry. These risks are generally uninsured. Most large hospitals and systems are likely to be adversely affected by government investigations of this kind.

Technical and Clinical Developments. New clinical techniques and technology, as well as new pharmaceutical and genetic developments and products, may alter the course of medical diagnosis and treatment in ways that are currently unanticipated, and that may dramatically change medical and hospital care. These developments could result in higher health care costs, lower utilization of hospital service and/or new sources of competition for hospitals.

Increasing Competition and State Legislation Affecting Affiliation Transactions. Hospitals increasingly face competition from specialty providers of care and ambulatory care facilities. Competitive developments may cause hospitals to lose essential inpatient or outpatient market share. Competition may be focused on services or payor classifications where hospitals realize their highest margins, thus negatively affecting programs that are economically important to hospitals. The Connecticut hospital market has seen an increase in affiliation and merger activity over the past few years. HSC expects that there will be additional consolidation among Connecticut health care providers, including acquisitions of Connecticut hospitals by out-of-state acquirers, as hospitals continue to view affiliations and mergers as a way to increase efficiency in the face of tight margins, access capital and respond to changes under health reform. Affiliations and mergers could significantly affect competition and the results of operations for existing health care providers in the state.

In May 2014, the Connecticut General Assembly passed legislation that will affect future mergers, acquisitions and transactions involving control of physician group practices among hospitals and health systems in the State. The legislation is expected to be signed by the Governor and become law.

The legislation permits for-profit health systems to become corporate members of nonprofit medical foundations for the purpose of engaging physicians. The legislation requires regulatory approvals and notice requirements for certain transactions. A hospital or health system acquisition of a physician group practice with eight or more physicians will be required to successfully complete a Certificate of Need approval process. For any hospital or health system acquisition of a physician group with two or more physicians, prior notice to the Connecticut Attorney General and Department of Public Health is required. By December 31, 2014 and annually thereafter, each Connecticut hospital, health system and group practice with thirty or more physicians is required to provide an informational report to the Attorney General and Department of Public Health regarding its affiliated physician organizations, including name, specialty, location, services and primary service area served by each affiliated physician. The legislation amends existing State law for review of nonprofit to for-profit hospital conversions by requiring a public hearing on the contents of the Certificate of Need application that is required to be submitted as a condition of the consummation of conversions of this kind. The legislation also expressly permits the Connecticut Attorney General and Department of Public Health Commissioner to impose conditions on their

approval of an application to convert a nonprofit hospital to for-profit status. The legislation also requires that as a condition of approval of such a conversion the Department of Public Health Commissioner must find that the affected community would continue to have access to high quality and affordable care after accounting for any proposed change affecting hospital staffing.

The effect of this legislation on the ability of hospitals and providers in Connecticut to undertake affiliation and merger transactions with physician groups and for-profit organizations is not possible to predict. It is likely that the requirements imposed by the new legislation will extend the time that would otherwise have been required to achieve required regulatory approvals for transactions of this kind. It is also possible that transactions of these kinds will become more difficult to consummate and that certain transactions of these kinds may not be able to be consummated at all.

The Connecticut legislature has considered other legislation that would impose additional regulatory requirements on transactions among health care providers. It is likely that there will be additional legislative activity in Connecticut in this area. The effect of any additional such legislation on transactional activity among health care providers cannot be predicted.

Increasing Consumer Choice. Hospitals and other health care providers face increased pressure to be transparent and provide information about cost and quality of services, which may lead to a loss of business as consumers and others make choices about where to receive health care services based upon published information.

Pension and Benefit Funding. As large employers, hospitals and health care providers may incur significant expenses to fund pension and benefit plans for employees and former employees and to fund required workers' compensation benefits. Plans are often underfunded or may become underfunded, and funding obligations in some cases may be erratic or unanticipated and may require significant commitments of available cash needed for other purposes.

Medical Liability Litigation and Insurance. Medical liability litigation is subject to public policy determinations and legal and procedural rules that may be altered from time to time, with the result that the frequency and cost of such litigation, and resultant liabilities or insurance costs, may increase in the future. Hospitals and health care providers may be affected by negative liability impacts on physicians. Costs of insurance, including self-insurance, may increase dramatically.

Facility Damage. Hospitals and health care providers are highly dependent on the condition and functionality of their physical facilities. Damage from floods, fires, earthquake, other natural causes, deliberate acts of destruction, or various facilities system failures may have a material adverse effect.

Tax-Exempt Status and Other Tax Matters

Maintenance of Tax-Exempt Status of Interest on the Bonds. The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds, limitations on the investment earnings of bond proceeds prior to expenditure, a requirement that certain investment earnings on bond proceeds be paid periodically to the United States Treasury, and a requirement that the issuer file an information report with the Internal Revenue Service (the "IRS"). The Authority and the Members have covenanted that they will comply with such requirements. Future failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Bonds as taxable, retroactively to the date of issuance. The Authority has covenanted in the Indentures that it will not take any action, and will refrain from taking any action, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.

Several years ago, the IRS undertook an extensive survey of post-issuance compliance regarding tax-exempt bonds. The final report issued in 2011 indicated that there have been significant gaps in the implementation by charitable organizations of post-issuance and record retention procedures for tax-exempt bonds. As a result, IRS

officials have indicated that the IRS will continue to devote significant resources to audits of tax-exempt bonds that benefit charitable organizations.

Schedule H to IRS Form 990 requires hospitals and health systems to report how they provide community benefit and also to report certain financial assistance and billing and collection practices. In addition, Schedule K to IRS Form 990 requests detailed information related to all outstanding bond issues of nonprofit borrowers, including information regarding private use compliance.

There can be no assurance that responses by the Members to a questionnaire or Form 990 will not lead to an IRS review that could adversely affect the market value of the Bonds. Additionally, the Bonds may be, from time to time, subject to examinations or audits by the IRS.

Bond Counsel to the Authority will render an opinion with respect to the tax-exempt status of each series of the Bonds as of the date of their issuance, as described under the caption "TAX MATTERS." No ruling with respect to 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. There can be no assurance that an examination of the Bonds will not adversely affect the Bonds or the market value of the Bonds. See "TAX MATTERS" herein.

Maintenance of the Tax-Exempt Status of the Members. The tax-exempt status of the interest on the Bonds depends upon the maintenance by each of the Members of its status as an organization described in section 501(c)(3) of the Code. There are also significant other benefits to each of the Members of maintaining its status as an organization described in section 501(c)(3) of the Code. The maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and other permissible purposes and their avoidance of transactions that may cause earnings or assets to inure to the benefit of private individuals. As these general principles were developed primarily for public charities that do not conduct large-scale technical operations and business activities, they often do not adequately address the myriad of operations and transactions entered into by a modern health care organization. Although traditional activities of health care providers, such as medical office building leases, have been the subject of interpretations by the IRS in the form of Private Letter Rulings, many activities or categories of activities have not been fully addressed in any official opinion, interpretation or policy of the IRS.

The ACA also contains new requirements for tax-exempt hospitals through Code Section 501(r). Under the ACA, each tax-exempt hospital facility is required to (i) adopt, implement and widely publicize a written financial assistance policy that contains the statutory and regulatory required minimums and a policy to provide emergency treatment without discrimination, (ii) limit amounts charged for emergency or other medically necessary care to individuals who qualify for financial assistance under such tax-exempt hospital's financial assistance policy to no more than the amounts generally billed to individuals who have insurance covering such care and refrain from using "gross charges" when billing such individuals, (iii) refrain from taking extraordinary collection actions without first making reasonable efforts to determine whether the individual is eligible for assistance under such tax-exempt hospital's financial assistance policy, and (iv) conduct a community health needs assessment and adopt an implementation strategy at least once every three years to meet the identified community needs.

On June 22, 2012, the IRS issued proposed regulations regarding the requirements of Code Section 501(r) applicable to tax-exempt hospital organizations relating to financial assistance and emergency medical care policies, charges for emergency or medically necessary care provided to individuals eligible for financial assistance, and billing and collection efforts. These proposed regulations are complex and administratively burdensome and should they be finalized could materially affect the Members. On April 3, 2013, the IRS released proposed regulations regarding the requirements of Code Section 501(r) applicable to tax-exempt hospital organizations that provide guidance on the community health needs assessment requirements and related excise tax and reporting obligations, clarify the consequences for failing to meet the various requirements under Code Section 501(r) and state that minor omissions and inadvertent errors will not result in loss of tax-exempt status, provided that certain specified correction and disclosure steps are taken. In Notice 2014-2 (December 11, 2013), the IRS provided that hospital organizations can rely on the proposed regulations pending the publication of final regulations or other applicable guidance. Furthermore, in Notice 2014-3 (December 11, 2013), the IRS provided that certain failures to meet the

requirements of Code Section 501(r) that are neither willful nor egregious will be excused for purposes of Code Section 501(r)(1) and Code Section 501(r)(2)(B) if the organization makes certain disclosures and corrections.

In addition, the Treasury Department is required to review information about each tax-exempt hospital's community benefit activities at least once every three years, as well as to submit an annual report to Congress with information regarding the levels of charity care, bad debt expenses, unreimbursed costs of government programs, and costs incurred by tax-exempt hospitals for community benefit activities. The periodic reviews and reports to Congress regarding the community benefits provided by 501(c)(3) hospitals may increase the likelihood that Congress will require such hospitals to provide a minimum level of charity care in order to retain tax-exempt status and may increase IRS scrutiny of particular 501(c)(3) hospital organizations.

The IRS has periodically conducted audit and other enforcement activity regarding tax-exempt health care organizations. The IRS conducts special audits of large tax-exempt health care organizations with at least $250 million in assets or $250 million in gross receipts (certain Members meet both such standards). Such audits are conducted by teams of revenue agents, often take years to complete and require the expenditure of significant staff time by both the IRS and the audited organization. These audits examine a wide range of possible issues, including tax-exempt bond financings, partnerships and joint ventures, retirement plans and employee benefits, employment taxes, political contributions and other matters.

If the IRS were to find that any Member has participated in activities in violation of certain regulations or rulings, the tax-exempt status of such Member could be in jeopardy. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit hospitals, it could do so in the future. In some cases, the IRS has imposed substantial monetary penalties on hospitals in lieu of revoking their tax-exempt status. Loss of tax-exempt status by any Member potentially could result in loss of tax exemption of the Bonds and of other tax-exempt debt of the Members and defaults in related covenants. Loss of tax-exempt status also could result in substantial tax liabilities on income of the Members. For these reasons, loss of tax-exempt status of any Member could have a material adverse effect on the financial condition of the Members.

In lieu of revocation of exempt status, the IRS may impose a penalty in the form of excise taxes on certain "excess benefit transaction" involving 501(c)(3) organizations and "disqualified persons." An excess benefit transaction is one in which a disqualified person or entity receives more than fair market value from the exempt organization or pays the exempt organization less than fair market value for property or services, or shares the net revenues of the tax-exempt entity. A disqualified person is a person (or an entity) who is in a position to exercise substantial influence over the affairs of the exempt organization during the five years preceding an excess benefit transaction. The statute imposes excise taxes on the disqualified person and any "organization manager" who knowingly participates in an excess benefit transaction. These rules do not penalize the exempt organization itself, so there would be no direct impact on the Members or the tax status of the tax-exempt debt of the Members if an excess benefit transaction were subject to IRS enforcement, pursuant to these "intermediate sanctions" rules.

State Income Tax Exemption and Local Property Tax Exemption. It is likely that the loss by any Member of federal tax exemption would also trigger a challenge to its state tax exemption. Depending on the circumstances, such event could be material and adverse.

State, county and local taxing authorities occasionally undertake audits and reviews of the operations of tax-exempt health care providers with respect to their real and personal property tax exemptions. In some cases, particularly where authorities are dissatisfied with the amount of services provided to indigents, the real and personal property tax-exempt status of the health care provider has been questioned. Property taxes have been assessed against personal property owned by HSC affiliates at a variety of off-site locations, despite these affiliates' non-profit status. The affected Members have pursued appeals through the Boards of Assessment Appeals in the various towns, but have been unsuccessful in the majority of the appeals. Currently the amount of tax at issue is approximately $193,000.

A loss of real and personal property tax exemption could have a significant adverse impact on a health care provider. Further, the Connecticut House of Representatives is considering legislation that would end the property tax exemption for nonprofit hospitals. Under one proposal, nonprofit hospitals would be fully subject to property taxes by 2018. If passed, the legislation could impose significant new tax obligations on the Members.

Federal and State Budget Cuts

The Budget Control Act of 2011 (the "BCA") mandates significant reductions and spending caps on the federal budget for fiscal years 2012-2021. The BCA also created a Joint Select Committee on Deficit Reduction (the "Super Committee") to develop a plan to further reduce the federal deficit by $1.5 trillion on or before November 23, 2011. Because the Super Committee failed to act, the BCA mandated that a 2% reduction in Medicare spending, among other reductions, would be triggered to take effect on January 2, 2013. The American Taxpayer Relief Act of 2012 postponed this scheduled reduction until March 1, 2013. CMS implemented the reductions for all Medicare Parts A and B claims with dates-of-service or dates-of-discharge on or after April 1, 2013, and for all payments made to Medicare Advantage Organizations ("MAOs"), Part D plans and other programs (including Managed Care Organizations) with enrollment periods beginning on or after April 1, 2013. These reductions are expected to cause the Obligated Group's Medicare reimbursement payments to be reduced by approximately $20 million in fiscal year 2014 although this estimate is subject to revision as federal reimbursement policy continues to evolve. The Bipartisan Budget Act of 2013 extends the reductions and spending cuts under the BCA through 2023.

In December 2012 the State of Connecticut enacted Deficit Mitigation Plan legislation to eliminate a $365 million state budget deficit. Prior to that time, hospitals paid a $350 million provider tax, but received $400 million in Medicaid "disproportionate share hospital" ("DSH") payments to offset the cost of providing services to Medicaid and uninsured patients. As a result of the Deficit Mitigation Plan legislation, aggregate DSH payments from the State to hospitals in the state were reduced from $400 million in 2012 to an estimated $323 million in 2013, and to an estimated $249 million in 2014, with no corresponding reduction in the hospital provider tax. These reductions could be perpetuated for future years depending on the State's overall budget situation, and reimbursements may remain well below the annual $350 million hospital provider tax imposed on Connecticut hospitals. These reductions caused aggregate DSH payments from the State to the Obligated Group to be reduced by approximately $14.7 million in 2013 and approximately $41.2 million in 2014.

Health Care Reform

Federal Health Care Reform. As a result of the ACA, substantial changes have occurred and are anticipated to occur in the United States health care system. The ACA will affect the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers, employers and consumers. These provisions are slated to take effect at specified times over approximately the next decade, and, therefore, the full consequences of the ACA on the health care industry will not be immediately realized. The ramifications of the ACA may also become apparent only following implementation or through later regulatory and judicial interpretations. Portions of the ACA may also be limited or nullified as a result of legislative amendments. In addition, the uncertainties regarding the implementation of the ACA create unpredictability for the strategic and business planning efforts of health care providers, which in itself constitutes a risk.

The changes in the health care industry brought about by the ACA may have both positive and negative effects, directly and indirectly, on the nation's hospitals and other health care providers, including the Members. For example, the projected increase in the numbers of individuals with health care insurance occurring as a consequence of Medicaid expansion, creation of health insurance exchanges, subsidies for insurance purchase and the penalties on certain individuals who do not purchase insurance, could result in lower levels of bad debt and increased utilization or profitable shifts in utilization patterns for hospitals; however the extent to which health insurance options on exchanges are limited or unaffordable may offset these benefits. A negative effect to the hospital industry overall will likely result from substantial scheduled and cumulative reductions in Medicare payments. The legislation's cost-cutting provisions to the Medicare program include reduction in Medicare market basket updates to hospital reimbursement rates under the inpatient prospective payment system, as well as additional reductions to or elimination of Medicare reimbursement for certain patient readmissions and hospital acquired conditions. Industry experts also expect that government cost reduction actions may be followed by private insurers and payors. Because approximately 33.3% of the net revenues of the Obligated Group (for its fiscal year ended September 30, 2013) were from Medicare spending, the reductions may have a material effect, and could offset any positive effects of the ACA. See also "Patient Service Revenues - The Medicare Program" below.

Health care providers could be further subject to decreased reimbursement as a result of implementation of recommendations of the Independent Payment Advisory Board ("IPAB"). The ACA directs the IPAB to make recommendations to reduce Medicare cost growth if such growth exceeds legislated targets. The IPAB's recommended reductions, beginning in 2015, will be automatically implemented unless Congress adopts alternative legislation that meets equivalent savings targets. While hospitals are largely exempted from recommendations from the IPAB until 2020, industry experts also expect that government cost reduction actions may be followed by private insurers and payors.

The ACA also created state "health insurance exchanges" that provide consumers with improved access to health insurance. Health insurance exchanges ultimately may have a positive effect in the health care marketplace by increasing the availability of health insurance to individuals who were previously uninsured. Conversely, employers or individuals may shift their purchase of health insurance to new plans offered through the exchanges, which may or may not reimburse providers at rates equivalent to rates the providers currently receive. The exchanges could alter the health insurance markets in ways that cannot be predicted, and exchanges might, directly or indirectly, take on a rate- setting function that could negatively affect providers.

The Connecticut Health Insurance Exchange (the "Exchange") commenced offering health insurance plans in October 2013 for the plan year starting on January 1, 2014. By the end of the initial enrollment period, more than 200,000 individuals had enrolled through the Exchange, surpassing Connecticut's goal of between 120,000 and 150,000 individuals. The Exchange has been operational for a short period of time, and therefore the precise effect on the Members of the existence of the Exchange is difficult to predict. However, only three private insurers are currently participating in the Exchange, and this low level of competition may result in reduced reimbursement rates to Members.

The ACA will likely affect some health care organizations differently from others, depending, in part, on how each organization adapts to the legislation's emphasis on directing more federal health care dollars to integrated provider organizations and providers with demonstrable achievements in quality care. The ACA proposes a value-based purchasing system for hospitals under which a percentage of Medicare payments will be contingent on satisfaction of specified performance measures related to common and high-cost medical conditions, such as cardiac, surgical and pneumonia care. The ACA also funds various demonstration programs and pilot projects and other voluntary programs to evaluate and encourage new provider delivery models and payment structures, including "accountable care organizations" and bundled provider payments. The outcomes of these projects and programs, including the likelihood of their being made permanent or expanded or their effect on health care organizations' revenues or financial performance cannot be predicted.

The ACA contains amendments to existing criminal, civil and administrative anti-fraud statutes and increases in funding for enforcement and efforts to recoup prior federal health care payments to providers. Under the ACA, a broad range of providers, suppliers and physicians are required to adopt a compliance and ethics program. While the government has already increased its enforcement efforts, failure to implement certain core compliance program features provide new opportunities for regulatory and enforcement scrutiny, as well as potential liability if an organization fails to prevent or identify improper federal health care program claims and payments. See also "Regulatory Environment" below.

Efforts to repeal provisions of the ACA are from time to time pending in Congress. In June 2012, the Supreme Court upheld most provisions of the ACA, including the requirement that individuals maintain health insurance. The Supreme Court also ruled that the federal government could not compel a state to comply with the ACA's requirement to expand Medicaid by cutting off all the federal funds the state receives for existing Medicaid programs. At this time it is not possible to predict the outcomes of any legislative attempts to repeal or amend the ACA.

Nonprofit Health Care Environment

The tax-exempt status afforded nonprofit health care organizations is the subject of increasing regulatory and legislative threats. As nonprofit tax-exempt organizations, the Members are subject to federal, state and local laws, regulations, rulings and court decisions relating to its operation for charitable purposes. At the same time, the Members conduct large scale complex business transactions. 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 health care organization.

The operations or practices of nonprofit, tax-exempt hospitals are routinely challenged or questioned to determine if they are consistent with the regulatory requirements for nonprofit tax-exempt organizations. These challenges are broader than concerns about compliance with federal and state statutes and regulations such as Medicare and Medicaid compliance, and instead in many cases, are examinations of core business practices of hospitals. A common theme of these challenges is that nonprofit hospitals may not confer community benefits that exceed or equal the benefit received from their tax-exempt status. Areas subject to examination have included pricing practices, billing and collection practices, charitable care, methods of providing and reporting community benefit, executive compensation, exemption of property from real property taxation, private use of facilities financed with tax-exempt bonds and others. These challenges and questions have come from a variety of sources, including the IRS, state attorneys general, Congress, labor unions, state legislatures and patients, and in a variety of forums, including hearings, audits and litigation. The challenges and examinations, and any resulting legislation, regulation, judgments, or penalties could have material adverse effect on the Members.

Patient Service Revenues

The Medicare Program. Medicare is the federal health insurance system under which hospitals are paid for services provided to eligible elderly and disabled persons. The Members that are health care providers are certified to receive payment from the Medicare program. Medicare is administered by CMS, which delegates to the states the process for certifying hospitals to which CMS will make payment. In order to achieve and maintain Medicare certification, hospitals must meet CMS's "Conditions of Participation" on an ongoing basis, as determined by the applicable state and The Joint Commission. The requirements for Medicare certification are subject to change, and, therefore, it may be necessary for hospitals to effect changes from time to time in their facilities, operations, billing, policies and services.

For the fiscal years ended September 30, 2011, September 30, 2012 and September 30, 2013, Medicare (including Medicare managed care) represented approximately 30.1%, 28.9% and 33.3%, respectively, of the Obligated Group's net patient service revenues. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Selected Operating Information - Payor Mix." Components of the 2008 federal stimulus legislation provide for Medicare incentive payments to hospital providers who meet certain deadlines for the installation and use of electronic medical records, but for those who fail to meet a 2016 deadline, Medicare payments may be significantly reduced. (See also "The HITECH Act" below.)

As the population ages, more people will become eligible for the Medicare program. Current projections indicate that demographic changes and continuation of current cost trends will exert significant and negative forces on the overall federal budget. The Medicare program reimburses hospitals based on a fixed schedule of rates based on categories of treatments or conditions. These rates change over time and there is no assurance that these rates will cover the actual costs of providing services to Medicare patients.

Components of the ACA provide for certain negative (actual and potential) Medicare payment adjustments, including:

(a) Value-based Purchasing Program. Beginning in federal fiscal year 2013, Medicare inpatient payments to hospitals will be determined, in part, based on a program under which value-based incentive payments are made in a fiscal year to hospitals that meet certain performance standards during that fiscal year. The program is funded through the reduction of hospital inpatient care payments by 1% in federal fiscal year 2013, progressing to 2% by federal fiscal year 2017. This reduction may be offset by incentive payments commencing in federal fiscal year 2013 for hospitals that meet or exceed quality standards. For fiscal year 2013, the aggregate value-based purchasing reimbursement reduction for Members was 0.27%, resulting in an $800,000 reduction in payments to the Obligated Group.

(b) Market Basket Reductions. Generally, Medicare payment rates to hospitals are adjusted annually based on a "market basket" of estimated cost increases, which market basket adjustments for inpatient hospital care have

averaged approximately 2-4% annually in recent years. The ACA required automatic 0.25% reductions in the "market basket" for federal fiscal years 2010 and 2011, and calls for reductions in the annual "market basket" update amount ranging from 0.10% to 0.75% each year through federal fiscal year 2019.

(c) Market Productivity Adjustments. Beginning in federal fiscal year 2012 and thereafter, the ACA provides for "market basket" adjustments based on overall national economic productivity statistics calculated by the Bureau of Labor Statistics. This adjustment is anticipated to result in an approximately 1% additional annual reduction to the "market basket" update.

(d) Hospital Acquired Conditions. Beginning in federal fiscal year 2015, Medicare inpatient payments to hospitals that are in the top quartile nationally for frequency of certain "hospital-acquired conditions" identified by CMS will be reduced by 1% of what would otherwise be payable to each hospital for the applicable federal fiscal year.

(e) Readmission Rate Penalty. Beginning in fiscal year 2013, Medicare inpatient payments to those hospitals with excess readmissions compared to the national average for three patient conditions (acute myocardial infarction, pneumonia and heart failure) are reduced based on the dollar value of that hospital's percentage of excess preventable Medicare readmissions within 30 days of discharge, for certain medical conditions. The maximum penalty is 1% in federal fiscal year 2013, increasing to 3% in fiscal year 2015. In federal fiscal year 2015, CMS is expanding the patient conditions assessed for this penalty to include acute exacerbation of chronic obstructive pulmonary disease, elective total hip arthroplasty, and total knee arthroplasty. For federal fiscal year 2013, the aggregate readmission reimbursement reduction for the Members was 0.78%, resulting in a $2.4 million reduction in payments to the Obligated Group.

(f) Medicare DSH Payments. Beginning in fiscal 2014, hospitals receiving supplemental "DSH" payments from Medicare (i.e., those hospitals that care for a disproportionate share of low-income Medicare beneficiaries) are slated to have their DSH payments reduced by 75%, although a portion of this reduction potentially will be offset by new, additional payments based on the volume of uninsured and uncompensated care provided by each such hospital.

(g) Medicare Advantage Payment Reductions. Medicare beneficiaries have the option to receive Medicare benefits through private insurers, known as Medicare Advantage ("MA") organizations. The ACA and other CMS policies reduce payments to MA organizations. MA organizations contract with hospitals to provide services to their enrollees; reduced CMS compensation to MA organizations may result in lower reimbursement rates paid to hospitals.

In addition to components of the ACA described above, the legislation enacted in the early days of 2013 to avert the "fiscal cliff", The American Taxpayer Relief Act of 2012 ("ATRA"), will also negatively affect hospital Medicare reimbursement. Specifically, ATRA reduces Medicare reimbursement for hospitals by $10.5 billon, in the form of a coding and documentation adjustment to inpatient reimbursement payment rates, to help offset the $30 billion cost of deferring a 27 percent reduction in Medicare physician payments that would otherwise have gone into effect as well as the cost of extending for one year several CMS payment policies that would otherwise have expired. Furthermore, because of the failure of the Super Committee to propose and Congress to enact required deficit reductions, sequestration of federal spending has been triggered. Sequestration was expanded in the Bipartisan Budget Act of 2013. Under current law, sequestration will reduce all Medicare payments, including hospital reimbursement, through March 31, 2024, by two percent below the amount that CMS would otherwise pay. See "Federal and State Budget Cuts" above.

Medicare payment for skilled nursing facility services and physician services are based on regulatory formulas or predetermined rates. There is no assurance that these rates, as they may change from time to time, will be adequate to cover the actual costs of providing services to Medicare patients.

Medicare currently pays for a portion of the costs of medical education at hospitals that provide training to medical residents. These payments are vulnerable to reduction or elimination. The direct and indirect medical education reimbursement programs have repeatedly emerged as targets in legislative efforts to reduce the federal budget deficit. Over time, Medicare may reduce the level of payments it provides to hospitals for direct or indirect

medical education. The current annual aggregate direct and indirect Medicare medical education reimbursement to the Obligated Group is $115 million.

Certain physician services are reimbursed on 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 Sustainable Growth Rate ("SGR"), which is a limit on the growth of Medicare payments for physician services, is linked to changes in the U.S. Gross Domestic Project over a ten-year period. SGR targets are compared to actual expenditures in order to determine subsequent physician fee schedule updates. Since 2003, Congress has passed legislation to delay application of the SGR. The latest legislative act postponing the implementation of SGR cuts is effective only until April 1, 2015. There is no assurance that Congress will intervene again in the future to prevent the SGR payment reduction or, if delayed again, when the SGR formula will take effect, if ever. There is a current bipartisan effort to repeal the SGR, but it is unclear whether that effort will be successful and, if so, what other measures may be implemented to control the growth of physician payments.

The Medicaid Program. The Medicaid program provides medical assistance for certain needy individuals and their dependents. The federal and state governments jointly fund the Medicaid program, with the federal government funding, on average, fifty-seven percent of total Medicaid costs, provided that the state's Medicaid program meets federal standards. The ACA provides significantly enhanced federal funding for states to expand their Medicaid program to virtually all non-elderly, non-disabled adults with incomes up to 133% of the federal poverty level. Connecticut has adopted this expansion. Connecticut officials expected to enroll between 120,000 and 150,000 individuals through the state insurance exchange, with more than half of these new enrollees participating in the Medicaid expansion. According to published reports, by the end of the initial enrollment period, more than 208,000 individuals had enrolled through the Exchange, with just under 130,000 of those new enrollees participating in the Medicaid program.

Medicaid DSH payments provide financial assistance to hospitals that serve a large number of low-income patients, such as people with Medicaid and the uninsured. Under the ACA, from federal fiscal year 2014 through federal fiscal year 2020, Medicaid DSH allotments to each state will also be reduced, based on state-wide reduction in uninsured and uncompensated care. For fiscal years ended September 30, 2011 and September 30, 2012, the Obligated Group received DSH payments, net of hospital provider taxes, in the amount of approximately $19.7 million and $19.8 million, respectively. For the fiscal year ended September 30, 2013, the hospital provider taxes paid by the Obligated Group exceeded the DSH payments received by the Obligated Group by $14.7 million.

The Middle Class Tax Relief and Job Creation Act of 2012 extends the reductions to states' Medicaid DSH allotments through fiscal year 2021, and ATRA further extends the reductions through fiscal year 2022.

Generally the Medicaid program reimburses the Members at less than the cost to provide services. For the fiscal years ended September 30, 2011, September 30, 2012 and September 30, 2013, Medicaid (including Medicaid managed care) represented approximately 15.2%, 14.9% and 14.1%, respectively, of the Obligated Group's net patient service revenues. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Selected Operating Information - Payor Mix."

Connecticut State Budget. The State of Connecticut has announced that it plans to continue with the reduction in hospital reimbursements that began in 2012. As was the case with the 2013 budget, under the current year's budget payments to hospitals will be significantly lower than they were in the previous year, while the hospital provider tax will remain the same. The financial challenges facing Connecticut may negatively affect hospitals and other providers in a number of other ways, including, elimination or reduction of health care safety net programs (causing a greater number of indigent, uninsured or underinsured patients) and/or reductions in Medicaid reimbursement rates. See "Federal and State Budget Cuts" above.

Health Plans and Managed Care. Most private health insurance coverage is provided by various types of "managed care" plans, including health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs") that generally use discounts and other economic incentives to reduce or limit the utilization of or payment for health care services. Medicare and Medicaid also purchase hospital care using managed care options. Payments

to hospitals from managed care plans typically are lower than those received from traditional indemnity or commercial insurers.

In Connecticut, managed care plans have replaced indemnity insurance as the primary source of non-governmental payment for hospital services, and hospitals must be capable of attracting and maintaining managed care business, often on a regional basis.

Most Connecticut HMOs and PPOs currently pay providers on a negotiated fee-for-service basis on a fixed rate per day of care or a fixed rate per hospital stay, which, in each case, usually is discounted from the usual and customary charges for the care provided. As a result, the discounts offered to HMOs and PPOs could, in some cases, result in payment to a provider that is less than its actual cost. Additionally, the volume of patients directed to a provider may vary significantly from projections, and changes in the utilization may be dramatic and unexpected, thus jeopardizing the provider's ability to manage this component of revenue and cost.

Often, HMO contracts are enforceable for a stated term, regardless of hospital losses and may require hospitals to care for enrollees for a certain time period, regardless of whether the HMO is able to pay the hospital. Hospitals from time to time have disputes with managed care payors concerning payment and contract interpretation issues. Such disputes may result in mediation, arbitration or litigation.

Failure to maintain contracts could have the effect of reducing the Obligated Group's market share and net patient services revenues. Conversely, participation may result in lower net income if participating hospitals are unable to adequately contain their costs. Thus, managed care poses one of the most significant business risks (and opportunities) that hospitals face.

The Obligated Group received managed care payments representing 51%, 52.4% and 51.3% of net patient service revenues for the fiscal years ended September 30, 2011, 2012 and 2013, respectively. See APPENDIX A "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Selected Operating Information - Payor Mix."

Regulatory Environment

"Fraud" and "False Claims." Health care "fraud and abuse" laws at the federal and state levels broadly regulate providers of services to government program beneficiaries and the methods and requirements for submitting claims for services. Hospitals and others can be penalized for a wide variety of conduct, including submitting claims for services that are not provided, billing in a manner that does not comply with government requirements or including inaccurate billing information, billing for services deemed to be medically unnecessary, or billings accompanied by certain proscribed inducements to utilize or refrain from utilizing a service or product.

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

Laws governing fraud and abuse may apply to a hospital and to nearly all individuals and entities with which a hospital does business. Fraud investigations, settlements, prosecutions and related publicity can have a catastrophic effect on hospitals. Major elements of these often highly technical laws and regulations are summarized below.

False Claims Act. The federal False Claims Act ("FCA") makes it illegal to knowingly submit or present a false, fictitious or fraudulent claim to the federal government. Because the term "knowingly" is defined broadly under the law to include not only actual knowledge but also deliberate ignorance or reckless disregard of the facts, the FCA can be used to punish a wide range of conduct. The ACA amended the FCA by expanding the activities that are subject to civil monetary penalties to include, among other things, failure to report and return known overpayments within statutory limits. Due to the broad range of conduct covered by the statute, FCA investigations

and cases are common and may cover a range of activity from intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care. Damages under the FCA may include "treble damages" (i.e., damages of up to three times the amount of the false claims) plus civil monetary penalties. As a result, violation or alleged violations of the FCA frequently result in settlements that require multi-million dollar payments and corporate integrity agreements. The FCA also permits individuals to initiate civil actions on behalf of the government in lawsuits called "qui tam" actions. Qui tam plaintiffs, or "whistleblowers," can share in the damages recovered by the government. The FCA has become one of the government's primary weapons against health care fraud and suspected fraud. FCA violations or alleged violations could lead to settlements, fines, exclusion or reputation damage that could have a material adverse effect on a health care provider.

Under the ACA, the FCA has been expanded to include overpayments that are discovered by a health care provider and are not promptly refunded to the applicable federal health care program, even if the claims relating to the overpayment were initially submitted without any knowledge that they were false. The ACA requires that providers return identified overpayments within 60 days of identification. There is uncertainty in the industry as to when an overpayment is technically "identified" and the ability of a provider to determine the total amount of an overpayment and satisfy its repayment obligation within the 60 day time period. CMS has proposed regulations interpreting this requirement, but those regulations do not provide significant clarification as to the "identification" of an overpayment. It is unclear whether these regulations will become final. This expansion of the FCA exposes hospitals and other health care providers to liability under the FCA for a considerably broader range of claims than in the past.

Anti-Kickback Law. The federal "Anti-Kickback Law" is a criminal statute that prohibits anyone from knowingly and willfully soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for a referral (or to induce a referral) for any item or service that is paid by any federal or state health care program. The Anti-Kickback Law potentially applies to many common health care transactions between persons and entities with which a hospital does business, including hospital-physician joint ventures, medical director agreements, physician recruitment agreements, physician office leases and other transactions. Members participate in such arrangements in the ordinary course of business. The ACA amended the Anti-Kickback Law to provide explicitly that a claim that includes items or services resulting from a violation of the Anti-Kickback Law now constitutes a false or fraudulent claim for purposes of the FCA. Another amendment provides that an Anti-Kickback Law violation may be established without showing that an individual knew of the statute's proscriptions or acted with specific intent to violate the Anti-Kickback Law. The new standards could significantly expand criminal and civil fraud exposure for transactions and arrangements where there is no intent to violate the Anti-Kickback Law.

Violations or alleged violations of the Anti-Kickback Law may result in settlements that require multi-million dollar payments and onerous corporate integrity agreements. The Anti-Kickback Law can be prosecuted either criminally or civilly. A criminal violation may be prosecuted as a felony, subject to a fine of up to $250,000 for each act (which may be each item or each bill sent to a federal program), imprisonment and/or exclusion from the Medicare and Medicaid programs. In addition, civil monetary penalties of $10,000 per item or service in noncompliance (which may be each item or each bill sent to a federal program), or an "assessment" of three times the amount claimed may be imposed. In addition, violations of the Anti-Kickback Law are increasingly being prosecuted under the FCA, triggering the FCA penalties discussed above.

Stark Referral Law. The federal "Stark" statute prohibits the referral of Medicare and Medicaid patients for certain designated health services (including inpatient and outpatient hospital services, clinical laboratory services, and radiation and other imaging services) to entities with which the referring physician has a financial relationship unless that relationship fits within a Stark exception. It also prohibits a hospital furnishing the designated services from billing Medicare, or any other payor or individual, for services performed pursuant to a prohibited referral. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark violation. If certain technical requirements of an exception are not satisfied, many ordinary business practices and economically desirable arrangements between hospitals and physicians constitute prohibited "financial relationships" within the meaning of the Stark statute, thus triggering the prohibition on referrals and billing. Most providers of the designated health services with physician relationships have exposure to liability under the Stark statute.

Medicare may deny payment for all services performed based on a prohibited referral and a hospital that has billed for prohibited services may be obligated to refund the amounts collected from the Medicare program. As a result, even relatively minor, technical violations of the law may trigger substantial refund obligations. Moreover, if the violations of the Stark statute were knowing, the government may also seek civil monetary penalties of up to $15,000 per claim, and in some cases, a hospital may be excluded from the Medicare and Medicaid programs. In addition, violations of the Stark statute are increasingly being prosecuted under the FCA, triggering the FCA penalties discussed above. Potential repayments to CMS, settlements, fines or exclusion for a Stark violation or alleged violation could have a material adverse effect on a health care provider.

CMS has established a voluntary self-disclosure program under which hospitals and other entities may report Stark violations and seek a reduction in potential refund obligations. However, the program is relatively new and therefore it is difficult to determine at this point in time whether it will provide significant monetary relief to hospitals that discover inadvertent Stark law violations. The limited publicly available information with respect to the self-disclosure program suggests that most voluntary self-disclosure submissions remain under consideration by CMS for an extended period of time, and that it is difficult to predict how CMS will react to any specific voluntary self-disclosure. The Members are subject to the Stark law, and make self-disclosures under this program as appropriate from time to time. Any submission pursuant to the program does not waive or limit the ability of the Office of the Inspector General or Department of Justice to seek or prosecute violations of the Anti-Kickback Law or impose civil monetary penalties.

State Fraud and Abuse, Self-Referral and False Claims Laws. Hospitals in Connecticut are subject to a State False Claims Act that applies to claims submitted to Medicaid and is modeled on the FCA. In addition, State health insurance fraud laws impose penalties for the submission of false or fraudulent claims by providers to commercial insurers or the Medicaid program. Connecticut has an anti-kickback law similar in structure and scope to the federal Anti-Kickback Statute. Hospitals are also subject to a self-referral law that requires the disclosure of any financial interests in a home health care agency to which patients may be referred. A separate self-referral law requires physicians and other health care practitioners to disclose their financial interests in entities, including hospitals, that provide diagnostic or therapeutic services before referring patients to such entities. Violation of these statutes could result in material fines or penalties, or in operating restrictions.

HIPAA. The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") provides sanctions for health care fraud and applies to all health care benefit programs, whether public or private. HIPAA also provides for punishment of a hospital for knowingly and willfully embezzling, stealing, converting or intentionally misapplying any money, funds, or other assets of a health care benefit program. A hospital convicted of health care fraud could be subject to mandatory exclusion from Medicare.

HIPAA also addresses the confidentiality of individuals' health information. Disclosure of certain broadly defined protected health information is prohibited unless expressly permitted by regulation or authorized by the patient. HIPAA's confidentiality provisions extend not only to patient medical records, but also to a wide variety of individually identifiable health care clinical and financial information. These patient privacy requirements also impose communication, operational and accounting obligations that add costs and create potentially unanticipated sources of liability.

HIPAA imposes civil monetary penalties for violations and criminal penalties for knowingly obtaining or using individually identifiable health information.

The HITECH Act. Provisions in the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), enacted as part of the economic stimulus legislation, increase the maximum civil monetary penalties for violations of HIPAA and grant enforcement authority of HIPAA to state attorneys general. The HITECH Act also (i) extends the reach of HIPAA beyond "covered entities," (ii) imposes a breach notification requirement on HIPAA covered entities, (iii) limits certain uses and disclosures of individually identifiable health information, and (iv) restricts covered entities' marketing communications.

The breach notification obligation, in particular, may expose covered entities such as hospitals to heightened liability. Under the HITECH Act, in the event of a data privacy breach, covered entities are required to notify affected individuals and the federal government. If more than 500 individuals within a particular state are

affected by the breach, the covered entity must also notify the media and the federal government posts a description of the breach on its website. These reporting obligations increase the risk of government enforcement as well as class action lawsuits, especially if large numbers of individuals are affected by a breach.

The HITECH Act revises the civil monetary penalties associated with violations of HIPAA as well as provides state attorneys general with authority to enforce the HIPAA privacy and security regulations in some cases through a damages assessment of $100 per violation or an injunction against the violator. The revised civil monetary penalty provisions establish a tiered system, ranging from a minimum of $100 per violation for an unknowing violation to $1,000 per violation for a violation due to reasonable cause, but not willful neglect. For a violation due to willful neglect, the penalty is a minimum of $10,000 or $50,000 per violation, depending on whether the violation was corrected within 30 days of the date the violator knew or should have known of the violation. Maximum penalties may reach $1,500,000 per calendar year for identical violations.

Criminal penalties will be enforced against persons who obtain or disclose personal health information without authorization. DHHS is also beginning to perform periodic audits of health care providers and group health plans to ensure that required policies under the HITECH Act are in place. Finally, individuals harmed by violations will be able to recover a percentage of monetary penalties or a monetary settlement based upon methods to be established by DHHS for this private recovery within three years of the passage of the HITECH Act.

The Office for Civil Rights ("OCR") is the administrative office that is tasked with enforcing HIPAA. OCR has stated that it has now moved from education to enforcement in its implementation of the law. Recent settlements of HIPAA violations for breaches involving lost data have reached the millions of dollars. Any breach of HIPAA, regardless of intent or scope, may result in penalties or settlement amounts that are material to a covered health care provider or health plan.

On January 25, 2013, DHHS issued comprehensive modifications to the existing HIPAA regulations to implement the requirements of the HITECH Act, commonly known as the "HIPAA Omnibus Rule." The HIPAA Omnibus Rule became effective on March 26, 2013, and covered entities were required to be in compliance by September 23, 2013 (though certain requirements have a longer timeframe). Key aspects of the HIPAA Omnibus Rule include, but are not limited to: (i) a new standard for what constitutes a breach of private health information, (ii) establishing four levels of culpability with respect to civil monetary penalties assessed for HIPAA violations, (iii) direct liability of business associates for certain violations of HIPAA, (iv) modifications to the rules governing research, (v) stricter requirements regarding non-exempt marketing practices, (vi) modification and re-distribution of notices of privacy practices, and (vii) stricter requirements regarding the protection of genetic information. While the effects of the HIPAA Omnibus Rule cannot be predicted at this time, the obligations imposed thereunder could have a material adverse effect on the financial condition of the Members.

The HITECH Act also established programs under Medicare and Medicaid to provide incentive payments for the "meaningful use" of certified electronic health record ("EHR") technology. Beginning in 2011, the Medicare and Medicaid EHR incentive programs have provided incentive payments to eligible professionals and eligible hospitals for demonstrating meaningful use of certified EHR technology. Health care providers demonstrate their meaningful use of EHR technology by meeting objectives specified by CMS for using health information technology and by reporting on specified clinical quality measures. Beginning in 2015, hospitals and physicians who have not satisfied the performance and reporting criteria for demonstrating meaningful use will have their Medicare payments significantly reduced. In addition, hospitals that knowingly submit false information upon which CMS relies in making meaningful use payments may be subject to penalties under the FCA.

The Members participated in the implementation by HSC of a new information system that replaced all current systems for electronic medical records, clinical services, registration, and clinical trials. The new information system includes an EHR capability that is designed to enable the Members to satisfy the performance and reporting criteria for demonstrating "meaningful use" under the HITECH Act. The information system went live at Bridgeport Hospital in September 2013, Yale-New Haven Hospital's 20 York Street campus in February 2013, and at Yale-New Haven Hospital's Saint Raphael campus located at 1450 Chapel Street in June 2013. The Members expect to demonstrate "meaningful use" of the certified EHR technology within the required time frames at each of their respective campuses. As with any large technology process there is a risk that implementation will disrupt clinical, financial and operational workflows and impact patient care and revenue cycle.

Security Incidents and Unauthorized Releases of Personal Information. State and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information.

State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, as discussed with respect to the HITECH Act above, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage a hospital's reputation and materially adversely affect business operations.

EMTALA. The Emergency Medical Treatment and Active Labor Act ("EMTALA") is a federal civil statute that requires hospitals to treat or conduct a medical screening for emergency conditions and to stabilize a patient's emergency medical condition before releasing, discharging or transferring the patient. A hospital that violates EMTALA is subject to civil penalties of up to $50,000 per offense and exclusion from the Medicare and Medicaid programs. In addition, the hospital may be liable for any claim by an individual who has suffered harm as a result of a violation.

Exclusions from Medicare or Medicaid Participation. The government may exclude a health care provider from Medicare/Medicaid program participation if it is convicted of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care programs or an offense relating to the illegal manufacture, distribution, prescription, or dispensing of a controlled substance. The government also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. Exclusion from the Medicare/Medicaid program means that a health care provider would be decertified from program participation and no program payments can be made. Any health care provider exclusion could be a materially adverse event. In addition, exclusion of the health care organization's employees under Medicare or Medicaid may be another source of potential liability for hospitals or health systems based on services provided by those excluded employees.

Compliance with Conditions of Participation. CMS, in its role of monitoring participating providers' compliance with conditions of participation in the Medicare program, may determine that a provider is not in compliance with its conditions of participation. In that event, a notice of termination of participation may be issued or other sanctions potentially could be imposed.

Licensing, Surveys, Investigations and Audits. Health care providers are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements of state licensing agencies and The Joint Commission. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections or other reviews generally conducted in the normal course of business. Loss of, or limitations imposed on, licenses or accreditations could reduce utilization or revenues, or a provider's ability to operate all or a portion of its facilities.

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. These requirements include but are not limited to: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the provider's facilities; and requirements for training employees in the proper handling and management of hazardous materials and wastes.

Health care providers may be subject to requirements related to investigating and remedying hazardous substances located on their property, or at off-site locations, including such substances that may have migrated off the property. Typical health care provider operations include the handling, use, storage, transportation, disposal

and/or discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As such, health care provider operations are particularly susceptible to the practical, financial and legal risks associated with the environmental laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; and may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance.

Antitrust. Health care providers are subject to federal and state antitrust laws. Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, payor contracting, physician relations, joint ventures, merger, affiliation and acquisition activities, certain pricing or salary setting activities, as well as other areas of activity. Consolidation transactions among health care providers is an area in which investigation and enforcement activity by federal and state antitrust agencies is particularly frequent and vigorous. The application of the federal and state antitrust laws to health care is evolving (especially as the ACA is implemented), and therefore not always clear. Violation of the antitrust laws could result in criminal and/or civil enforcement proceedings by federal and state agencies, as well as actions by private litigants. In certain actions, private litigants may be entitled to treble damages, and in others, governmental entities may be able to assess substantial monetary fines or may be entitled to injunctive relief. Investigations and proceedings arising from the application of federal and state antitrust laws can require the dedication of substantial resources by affected providers and can delay or impede proposed transactions even if ultimately it is determined that no violation of applicable law would occur as a result of the proposed transaction.

Risks Related to Master Indenture

Enforceability of Lien on Gross Revenues

The Master Indenture and the Supplemental Master Indentures provide that the Obligated Group is required to make payments to the applicable Trustee sufficient to pay the applicable series of Bonds and the interest thereon as the same become due. The obligations of the Obligated Group to make such payments are secured by the Notes, which, in turn, are secured by a security interest granted to the Master Trustee in the Gross Revenues of the Members. The lien on Gross Revenues may become subordinate to certain Permitted Encumbrances under the Master Indenture. Gross Revenues paid by the Obligated Group to other parties in the ordinary course of business might no longer be subject to the lien of the Master Indenture and might therefore be unavailable to the Master Trustee.

To the extent that Gross Revenues are derived from payments by the federal or state government under the Medicare or Medicaid program, any right to receive such payments directly may be unenforceable. The Social Security Act and state regulations prohibit anyone other than the individual receiving care or the Obligated Group providing service from collecting Medicare and Medicaid payments directly from the federal or state government. In addition, Medicare and Medicaid receivables may be subject to provisions of the Assignment of Claims Act of 1940, which restricts the ability of a secured party to collect accounts directly from government agencies. With respect to receivables and Gross Revenues not subject to the lien of the Master Indenture, the Master Trustee would occupy the position of an unsecured creditor. Counsel to the Obligated Group has not provided an opinion with regard to the enforceability of the lien on Gross Revenues of the Obligated Group where such Gross Revenues are derived from the Medicare and Medicaid programs.

In the event of bankruptcy of the Obligated Group, transfers of property by the bankrupt entity, including the payment of debt or the transfer of any collateral, including receivables and Gross Revenues on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court may be subject to avoidance or recoupment as preferential transfers. Under certain circumstances a court may have the power to direct the use of Gross Revenues to meet expenses of the Obligated Group before paying debt service on the Bonds.

Pursuant to the Connecticut Uniform Commercial Code, a security interest in the proceeds of Gross Revenues may not continue to be perfected if such proceeds are not paid over to the Master Trustee by the Obligated Group under certain circumstances. If any required installment of interest or principal or other amount due on any Obligation is not paid when due, the Obligated Group is obligated by the Master Indenture to transfer or pay over

immediately to the Master Trustee any Gross Revenues with respect to which the security interest remains perfected pursuant to law. Any Gross Revenues thereafter received are required upon receipt by the Obligated Group to be transferred to the Master Trustee without such Gross Revenues being commingled with other funds, in the form received (with necessary endorsements) up to an amount equal to the amount of the missed payment.

The value of the security interest in Gross Revenues could be diluted by the incurrence of additional Obligations secured equally and ratably with the Notes as to the security interest in Gross Revenues or by the issuance of debt secured on a basis senior to the Notes. See APPENDIX F - "FORM OF MASTER INDENTURE" under the section headings "Permitted Indebtedness" and "Permitted Encumbrances."

Enforceability of the Master Indenture

Under Connecticut law, a not-for-profit corporation may guarantee the debt of another corporation only if such guaranty is in furtherance of the corporate purposes of such guarantor not-for-profit corporation. While obligated groups are relatively common nationally, there is no binding precedent in Connecticut upholding the enforceability of obligated group agreements. It is possible that if challenged the standards for enforceability of these kinds of arrangements under Connecticut law may be determined not to have been met by the Members. In addition, it is possible that the security interest granted by a Member and the joint and several obligation of Members to make payments due under a Note relating to bonds issued for the benefit of another Member may be declared void in an action brought by a third party creditor pursuant to the Connecticut fraudulent conveyance statues or may be avoided by a Member or a trustee in bankruptcy in the event of the bankruptcy of the Member from which payment is requested. An obligation may be voided under the federal Bankruptcy Code or under the Connecticut fraudulent conveyance statute, if (a) the obligation was incurred without receipt by the obligor of "fair consideration" or "reasonably equivalent value," and (b) the obligation renders the obligor "insolvent," as such terms are defined under the applicable statute. Interpretation by the courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. For example, a Member's joint and several obligation under the applicable Supplemental Master Indenture(s) and the Master Indenture to make all payments thereunder, including payments in respect of funds used for the benefit of the other Members, may be held to be a "transfer" which makes such Member "insolvent" in the sense that the total amount due under the applicable Supplemental Master Indenture(s) and the Master Indenture could be considered as causing its liabilities to exceed its assets. Also, one of the Members may be deemed to have received less than "fair consideration" for such obligation because none or only a portion of the proceeds of the indebtedness are to be used to finance projects occupied or used by such Member. While the Members may benefit generally from the projects financed from the indebtedness for the other Members, the actual cash value of this benefit may be less than the joint and several obligation. The rights under the Connecticut fraudulent conveyance statutes may be asserted for a period of up to six years from the incurring of the obligations or granting of security under the Master Indenture.

In addition, the assets of any Member may be held by a court to be subject to a charitable trust which prohibits payments in respect of obligations incurred by or for the benefit of others if a Member has insufficient assets remaining to carry out its own charitable functions or, under certain circumstances, if the obligations paid by such Member were issued for purposes inconsistent with or beyond the scope of the charitable purposes for which the Member was organized. The enforceability of similar master trust indentures has been challenged in jurisdictions outside of the state. In the absence of clear legal precedent in this area, the extent to which the assets of any Member can be used to pay Obligations issued by or on behalf of others cannot be determined at this time.

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

An action to enforce a charitable trust and to see to the application of its funds could also arise if an action to enforce the obligation to make payments on a Note issued for the benefit of the Obligated Group would result in

the cessation or discontinuation of any material portion of the health care or related services previously provided by the Obligated Group from which payment is requested.

Exercise of Remedies Under Master Indenture

"Events of Default" under the Master Indenture include the failure of the Obligated Group to make payments on any Obligation outstanding under the Master Indenture and may include nonpayment related defaults under documents such as a Supplemental Master Indenture. The Master Indenture provides that upon an "Event of Default" thereunder, the Master Trustee may in its discretion, by notice in writing to the Obligated Group, declare the principal of all (but not less than all) obligations outstanding thereunder to be due and payable immediately and may exercise other remedies thereunder. However, the Master Trustee is not required to declare amounts under the Master Indenture to be due and payable immediately unless requested to do so by the holders of not less than 25% in aggregate principal amount of all Obligations then outstanding under the Master Indenture. Consequently, upon the occurrence of an "Event of Default" under an Indenture with respect to a series of Bonds and an acceleration of the maturity of such series of Bonds, the Master Trustee is not required to accelerate the maturity of all Obligations outstanding under the Master Indenture upon direction from the applicable Trustee unless (i) the principal amount of the applicable series of Bonds then Outstanding is at least equal to 25% of the principal amount of all Obligations outstanding under the Master Indenture, or (ii) the Trustee and all other holders of Obligations requesting such acceleration hold at least 25% of all the applicable series of Obligations outstanding under the Master Indenture.

Bankruptcy

The Bonds are payable from the sources and are secured as described in the Master Indenture. The practical realization of value from the collateral for the Bonds described therein upon any default will depend upon the exercise of various remedies specified by the Master Indenture. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

Under existing law, the remedies specified by the Master Indenture may not be readily available or may be limited. A court may decide not to order the performance of the covenants contained in those documents. The legal opinion to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various agreements and other instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

The rights and remedies of the holders of the Bonds are subject to various provisions of Title 11 of the United States Code (the "Bankruptcy Code"). If a Member were to file a petition for relief under the Bankruptcy Code, the filing would automatically stay the commencement or continuation of any judicial or other proceedings against such Member and its property. Such Member would not be permitted or required to make payments of principal or interest under the Supplemental Master Indentures and the Notes unless an order of the United States Bankruptcy Court were issued for such purpose. In addition, without an order of the United States Bankruptcy Court, the automatic stay may serve to prevent the applicable Trustee from applying amounts on deposit in certain funds and accounts held under the applicable Indenture from being applied in accordance with the provisions of the Indenture, including the transfer of amounts on deposit in the funds held thereunder, and the application of such amounts to the payment of principal of and interest on the Bonds. Moreover, any motion for an order canceling the automatic stay and permitting such funds and accounts to be applied in accordance with the provisions of the Indenture would be subject to the discretion of the United States Bankruptcy Court, and may be subject to objection and/or comment by other creditors of the applicable Member, which could affect the likelihood or timing of obtaining such relief. The automatic stay may also extinguish the Master Trustee's continuing security interest in the applicable Member's Gross Revenues arising subsequent to the filing of the bankruptcy petition, adversely affect the ability of the Master Trustee to exercise remedies upon default, including the acceleration of all amounts payable by the Obligated Group under the Notes and the Master Indenture and may adversely affect the Master Trustee's or the Trustees' ability to take all steps necessary to file a claim under the applicable documents on a timely basis.

A Member could file a plan for the adjustment of its debts in a proceeding under the Bankruptcy Code, which plan could include provisions modifying or altering the rights of creditors generally, or any class of them, whether secured or unsecured. The plan, when confirmed by the United States Bankruptcy Court, would bind all

creditors who have notice or knowledge of the plan and would discharge all claims against the applicable Member provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

Considerations Relating to Additional Debt

Subject to the coverage and other tests set forth therein, the Master Indenture permits the Obligated Group to incur additional indebtedness. Such indebtedness would increase the Obligated Group's debt service and repayment requirements and may adversely affect debt service coverage on the Bonds. See APPENDIX F - "FORM OF MASTER INDENTURE" under the section headings "Permitted Indebtedness."

Other Risk Factors

Integration. On September 12, 2012, Yale-New Haven Hospital acquired substantially all of the assets of the Hospital of Saint Raphael and certain affiliates. Yale-New Haven Hospital has completed the integration of these assets. As with any acquisition of a complex and ongoing hospital enterprise, there is a risk that Yale-New Haven Hospital's acquisition of substantially all of the assets and operations of the Hospital of Saint Raphael and certain of its affiliates could later subject HSC to unforeseen material liabilities, which could adversely affect the future financial condition of HSC.

Impact of Economic Turmoil. If the economy weakens, health care providers could be materially and adversely impacted in a number of ways, including through reduced investment income, reduced access to the credit markets, difficulties in obtaining credit or liquidity facilities and increased borrowing costs.

Investments. Certain Members have significant holdings in a broad range of investments. Market fluctuations may affect the value of those investments and those fluctuations may be material. For a discussion of the Obligated Group's investments, see Appendix A - "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Selected Operating Information - Investments."

Negative Rankings Based on Performance Measures. Health plans, Medicare, Medicaid, employers, purchasers of services, private standard-setting organizations and accrediting agencies increasingly are using statistical and other measures in efforts to characterize, publicize, compare and rank the quality, safety and cost of health care services provided by hospitals. Published rankings such as "score cards," "pay for performance" and other financial and non-financial incentive programs are being introduced and may, whether accurate or inaccurate, affect the reputation and revenue of hospitals and the members of their medical staffs. Measures of performance are set by others that characterize a hospital or a provider negatively may adversely affect its reputation and financial condition.

General Litigation Risks. Health care providers are subject to a wide variety of litigation risks, including liability for care outcomes, employment issues, billing and collection disputes, property and premises liability, and peer review litigation with physicians, among others.

Wage and Hour and ADA Litigation and Class Actions. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for hospitals and other health care providers. These class action suits have most recently focused on wage and hour employment practices, but they may be used for a variety of currently unanticipated causes of action. For instance, proceedings have been commenced in other states raising issues of compliance by hospital facilities and capabilities (both physical structures and voice and data communications modalities) with the Americans with Disabilities Act. For large organizations such as hospital systems, such class actions can involve multi-million dollar claims, judgments or settlements. Since the subject

matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on hospitals and health systems in the future.

Professional Liability Claims and General Liability Insurance. In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against hospitals. Insurance does not provide coverage for judgments for punitive damages.

Litigation also arises from the corporate and business activities of hospitals, from a hospital's status as an employer or as a result of medical staff or provider network peer review or the denial of medical staff or provider network privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims or business disputes are not covered by insurance or other sources and may, in whole or in part, be a liability of the Members if determined or settled adversely.

There is no assurance that hospitals will be able to maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover malpractice judgments rendered against a hospital or that such coverage will be available at a reasonable cost in the future. Many hospital systems, including HSC, have become owners of captive insurance companies that provide their malpractice insurance in order to endeavor to manage the costs of malpractice insurance. While participation in ownership of captive insurance companies with high-quality providers can reduce the overall cost of malpractice insurance for an acute care system, captive insurer may be more vulnerable to large claims than a larger commercial insurance company. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Insurance."

Cybersecurity Risks. Despite the implementation of network security measures by the Members, their information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. Breaches, hacker attacks, computer viruses, break-ins, or other similar events or issues could lead to the inadvertent disclosure of protected health information or other confidential information or could have an adverse effect on the ability of the Members to provide health care services.

Action by Purchasers of Services and Consumers. Major purchasers of health care services also could take action to restrain charges or charge increases. As a result of increased public scrutiny, it is also possible that the pricing strategies of health care providers may be perceived negatively by consumers, and providers may be forced to reduce fees for their services. Decreased utilization could result, and providers' revenues may be negatively impacted. In addition, consumers and groups on behalf of consumers are increasing pressure for hospitals and other health care providers to be transparent and provide information about cost and quality of services that may affect future consumer choices about where to receive health care services.

Integrated Delivery Systems and Patient Centered Medicine. Health care facilities and health care systems often own, control or have affiliations with relatively large physician groups and independent practice associations. For a description of the Obligated Group's affiliations, see APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Corporate Organization and System Control." Generally, the sponsoring health care facility or health system will be the capital and funding source for such alliances and may have an ongoing financial commitment to provide growth capital and support operating deficits.

These types of alliances are generally designed to respond to trends in the delivery of medicine to better integrate hospital and physician care, to increase physician availability to the community and/or to enhance the managed care capability of the affiliated hospitals and physicians. However, these goals may not be achieved, and an unsuccessful alliance may be costly and counterproductive to all of the above-stated goals.

Integrated delivery systems carry with them the potential for legal or regulatory risks in varying degrees. The ability of hospitals or health systems to conduct integrated physician operations may be altered or eliminated in the future by legal or regulatory interpretation or changes, or by health care fraud enforcement. In addition,

participating physicians may seek their independence for a variety of reasons, thus putting the hospital or health system's investment at risk, and potentially reducing its managed care leverage and/or overall utilization. Growth of integrated delivery systems may be resisted by local communities and physician groups.

Accountable Care Organizations ("ACOs") are a form of integrated delivery system where hospitals, a network of physicians and other healthcare entities cooperate to improve care, improve quality, and reduce costs. The payor (such as Medicare, Medicaid or a health plan) establishes a projected spending level based on past claims expenses plus inflation; if the ACO can produce annual claims expenditures below that target, the payor will make a year-end lump-sum payment to the ACO of a portion of the savings. The savings payment will be reduced if quality of care statistics do not meet designated targets. In some ACOs, the reverse is also true, if the aggregate claims expenses exceed the spending target, the ACO must make a year end payment to the payor of a portion of the excessive claims costs. Hospitals often serve as the capital and funding source for ACOs, and may also have an ongoing financial commitment to provide capital growth and support operating deficits. The Obligated Group expects that participation in ACOs or similar mechanisms will be one of the structures that the Obligated Group adopts to respond to evolving trends in the health care industry. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Service Area, Service Share Information and Strategy" for a description of arrangements in which HSC proposes to participate that may have characteristics of an ACO.

340B Drug Pricing Program. The Members that are hospitals participate in the prescription drug discount program established under Section 340B of the federal Public Health Service Act (the "340B Program"). As participants in the 340B Program, these hospitals are able to purchase certain outpatient drugs for their patients at reduced cost. The Office of Pharmacy Affairs, which is the federal agency that regulates the 340B Program, has announced that it intends to release proposed regulations governing many aspects of the 340B Program later this year. Restrictions on the ability of hospitals to utilize 340B drugs for their patients may have an adverse effect on the Members that are hospitals.

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

Labor Relations and Collective Bargaining. Hospitals are large employers with a wide diversity of employees. Increasingly, employees of hospitals are becoming unionized, and many hospitals have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of such agreements upon expiration may result in significant cost increases to hospitals. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and hospital reputation. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP - Selected Operating Information - Human Resources and Employee Relations."

Risks Related to Variable Rate Obligations. The Obligated Group has previously issued, and expects to issue additional, variable rate obligations, the interest rates on which could rise. Such interest rates vary on a periodic basis and may be converted to a fixed interest rate. This protection against rising interest rates is not unrestricted, however, because the Obligated Group would be required to continue to pay interest at the variable rate until it is permitted to convert the obligations to a fixed rate pursuant to the terms of the applicable transaction documents.

The Obligated Group has entered into, and expects to enter into, additional agreements with various banking institutions to provide liquidity for the purchase of its variable rate bonds. These liquidity agreements may expire prior to the maturity dates of the applicable variable rate bonds. If the Obligated Group is unable or elects not

to extend or replace any liquidity agreement, the Obligated Group would be required to provide full liquidity for the payment of any such variable rate bonds that are tendered by the holders thereof, and the liquidity of the Obligated Group would be affected until such variable rate bonds were remarketed.

HSC has entered into and expects to enter into interest rate swap agreements related to certain indebtedness of the Obligated Group (the "swaps"). The swaps would be subject to periodic "mark-to-market" valuations and at any time may have a negative value to HSC. A swap counterparty may terminate a swap upon the occurrence of certain "termination events" or "events of default." HSC may terminate the swaps at any time. If either the counterparty to a swap or HSC terminates any of the swaps during a negative value situation, HSC may be required to make a termination payment to such swaps counterparty, and such payment could be material. Pursuant to the swaps, the counterparty would be obligated to make payments to HSC, which payments may be more or less than the interest rates HSC is required to pay with respect to a comparable principal amount of the related indebtedness. If the financial condition of a swap counterparty were to deteriorate, that counterparty may fail to honor its obligations under the applicable swap. In addition, concentration of exposure to a single counterparty or group of counterparties could magnify the impact of any deterioration in the financial condition of any such counterparty.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the Members and others in connection with the Bonds, and Bond Counsel has assumed compliance by the Authority and the Members with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code. In addition, in rendering its opinion, Bond Counsel has relied on the opinion of counsel to the Obligated Group regarding, among other matters, the current qualification of each of the Members as an organization described in Section 501(c)(3) of the Code.

In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is

discovered. The Authority and the Members have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond

premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such court decisions could affect the market price or marketability of the Bonds. For example, the Fiscal Year 2015 federal budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, David Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their "modified adjusted gross income," defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. The Obligated Group has undertaken all responsibilities for any continuing disclosure for the benefit of the Beneficial Owners of the Bonds as described below, and the Authority shall have no liability to the Beneficial Owners of the Bonds or any other person with respect to such disclosures.

The Obligated Group will enter into a Continuing Disclosure Agreement with respect to each series of Bonds for the benefit of the Beneficial Owners of such series of Bonds, in each case, substantially in the form attached as Appendix I to this Official Statement (the "Continuing Disclosure Agreements"), to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission, (i) certain annual and quarterly financial information and operating data, (ii) timely notice of the occurrence of certain enumerated events with respect to such series of Bonds, and (iii) timely notice of a failure by the Obligated Group to provide the required financial information on or before the date specified in the applicable Continuing Disclosure Agreement. The Underwriters' obligation to purchase each series of Bonds shall be conditioned upon their receiving, at or prior to the delivery of each such series of Bonds, an executed copy of the applicable Continuing Disclosure Agreement. During the past five years, each of the Members has complied in all material respects with its existing continuing disclosure obligations, except that: the annual financial information and operating data for fiscal year 2010 for each of Yale-New Haven Hospital and Bridgeport Hospital was not timely filed with respect to one of their respective series of bonds, although such information was timely filed with respect to their other outstanding bonds; one quarterly report for each of Yale-New Haven Hospital and Bridgeport Hospital was not timely filed in 2013 and 2012, respectively; and Yale-New Haven Hospital failed to file event notices with respect to the downgrade in 2012 and subsequent upgrade in 2013 of the rating on the credit facility provider with respect to one series of bonds.

LEGALITY OF THE BONDS FOR INVESTMENT AND DEPOSIT

Under the Act, the Bonds are securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, state banks and trust companies, national banking associations, savings banks, savings and loan associations, investment companies, executors, administrators, trustees and other fiduciaries in the State may properly and legally invest funds, including capital in their control or belonging to them.

The Bonds may, under the Act, be deposited with and received by the State or any municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State may be authorized by law.

NEGOTIABLE INSTRUMENTS

Under the Act, the Bonds are, and are deemed to be for all purposes, negotiable instruments, subject only to the provisions for registration and transfer contained in the Indentures and in the Bonds.

STATE NOT LIABLE ON THE BONDS

The Bonds of each series are special obligations of the Authority payable solely from the sources therefor as set forth in the applicable Indenture, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof, is pledged to the payment of the principal of or interest on any series of the Bonds. The Act does not in any way create a so-called moral obligation of the State to pay debt service in the event of default by the Obligated Group or the Authority. The Authority has no taxing power.

COVENANT BY THE STATE

Under the Act, the State pledges and agrees with the owners of any obligations of the Authority that the State will not limit or alter the rights vested in the Authority until such obligations, together with the interest thereon, are fully met and discharged, provided that nothing in the Act shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the owners of such obligations.

UNDERWRITING

The Authority has entered into separate purchase contracts with Barclays Capital Inc. (the "Representative"), as representative of itself and the other underwriter listed on the cover page hereof (together, the "Underwriters"), for each series of Bonds, pursuant to which the Underwriters have agreed to purchase each such series of Bonds at an aggregate discount from the public offering price set forth on the inside cover page hereof for each such series, as follows: $969,058.37 with respect to the Series A Bonds, $657,382.66 with respect to the Series

B Bonds, $321,071.98 with respect to the Series C Bonds, $415,343.30 with respect to the Series D Bonds, and $765,693.79 with respect the Series E Bonds.

The obligations of the Underwriters are subject to certain terms and conditions contained in the applicable purchase contract. Pursuant to each purchase contract, the Underwriters will be obligated to purchase all of the applicable series of Bonds if any of the applicable series of Bonds are so purchased. The Obligated Group has agreed to indemnify the Underwriters and the Authority against certain liabilities, including certain liabilities arising under federal and state securities laws. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the initial offering prices. The offering prices of the Bonds may be changed from time to time by the Underwriters.

J.P. Morgan Securities LLC, an Underwriter of the Bonds, has entered into a negotiated dealer agreement (the "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Bonds, at the original issue prices. Pursuant to the Dealer Agreement, CS&Co. will purchase Bonds from J.P. Morgan Securities LLC at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

CERTAIN RELATIONSHIPS

Each of the Underwriters and their affiliates are financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Members and/or the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, each of the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Members and/or the Authority.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Authority are subject to the approval of Hawkins Delafield & Wood LLP, Hartford, Connecticut, and New York, New York, whose approving opinions, the form of which is attached hereto as Appendix H, will be delivered with the Bonds. Certain legal matters will be passed upon for the Authority by its special counsel, Carmody Torrance Sandak & Hennessey LLP, Stamford, Connecticut. Certain legal matters will be passed upon for the Obligated Group by its counsel, Manatt, Phelps & Phillips, LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Greenberg Traurig, LLP, Boston, Massachusetts.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C. (the "Verification Agent"), a firm of independent certified public accountants, will deliver to the Authority, HSC and the Underwriters on or before the delivery date of the Bonds, its verification report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by HSC and its representatives. Included in the scope of the report will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash to pay, when due, the maturing principal of, interest on and any redemption premium of the Series J-1 Bonds and the Series M Bonds, and (b) the mathematical computations supporting the conclusions of Bond Counsel that the Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

REMARKETING AGENTS

General

The initial remarketing agent for the Series B Bonds shall be Barclays Capital Inc. The initial remarketing agent for the Series C Bonds shall be J.P. Morgan Securities LLC. The initial remarketing agent for the Series D Bonds shall be Morgan Stanley & Co. LLC. The applicable Remarketing Agent will set the interest rate on the respective series of the Variable Rate Bonds in connection with each remarketing thereof, and with respect to the Series C/D Bonds, on each Determination Date, and perform the other duties and remarket such series of the Variable Rate Bonds as provided for in the applicable Indenture, subject to the provisions of the applicable Remarketing Agreement. Each Remarketing Agent may for its own account or as broker or agent for others deal in Variable Rate Bonds and may do anything any other Bondowner may do to the same extent as if such Remarketing Agent were not serving as such. Each Remarketing Agreement provides that HSC will indemnify the applicable Remarketing Agent against certain liabilities, including certain liabilities under securities laws.

Certain Considerations Concerning the Remarketing of the Series C Bonds and the Series D Bonds

Each Remarketing Agent is Paid by HSC. Each Remarketing Agent's responsibilities include determining the interest rate from time to time for, and the remarketing of, the Series C/D Bonds of the applicable series that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the applicable Remarketing Agreement), all as further described in this Official Statement. Each Remarketing Agent is appointed by HSC and is paid by HSC for its services. As a result, the interests of each Remarketing Agent may differ from those of existing Holders and potential purchasers of Series C/D Bonds.

Each Remarketing Agent Routinely Purchases Bonds for its Own Account. Each Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. Each Remarketing Agent is permitted, but not obligated, to purchase tendered Series C/D Bonds of the series for which it serves as Remarketing Agent for its own account and, in its sole discretion, to acquire tendered Series C/D Bonds of the applicable series in order to achieve a successful remarketing of such Series C/D Bonds (i.e., because there otherwise are not enough buyers to purchase such Series C/D Bonds) or for other reasons. However, neither Remarketing Agent is obligated to purchase Series C/D Bonds of the applicable series, and may cease doing so at any time without notice. Each Remarketing Agent may also make a market in the Series C/D Bonds of the applicable series by routinely purchasing and selling such Series C/D Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, neither Remarketing Agent is required to make a market in the applicable series of Series C/D Bonds. Each Remarketing Agent also may sell any Series C/D Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series C/D Bonds. The purchase of Series C/D Bonds by such Remarketing Agent may create the appearance that there is greater third party demand for the applicable series of Series C/D Bonds in the market than is actually the case. The practices described above also may result in fewer Series C/D Bonds being tendered in a remarketing.

Series C/D Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Pursuant to the applicable Remarketing Agreement, each Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series C/D Bonds of the applicable series bearing interest at such applicable interest rate at par plus accrued interest, if any, on and as of the applicable Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Series C/D Bonds of the applicable series (including whether each Remarketing Agent is willing to purchase such Series C/D Bonds for its own account). There may or may not be Series C/D Bonds tendered and remarketed on a Determination Date, the applicable Remarketing Agent may or may not be able to remarket any Series C/D Bonds tendered for purchase on such date at par, and the applicable Remarketing Agent may sell Series C/D Bonds at varying prices to different investors on such date or any other date. Neither Remarketing Agent is obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series C/D Bonds of the applicable series at the remarketing price. Each Remarketing Agent, in its sole

discretion, may offer Series C/D Bonds for which it serves as Remarketing Agent on any date, including the Determination Date, at a discount to par to some investors.

The Ability to Sell the Series C/D Bonds other than through Tender Process May Be Limited. Each Remarketing Agent may buy and sell Series C/D Bonds for which it serves as Remarketing Agent other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series C/D Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Series C/D Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series C/D Bonds other than by tendering the Series C/D Bonds in accordance with the tender process.

Under Certain Circumstances, a Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series C/D Bonds, Without a Successor Being Named. Under certain circumstances each Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the applicable Remarketing Agreement. In the event there is no Remarketing Agent, the Trustee may assume such duties as described in the applicable Indenture; provided, however, that the Trustee shall not be required to solicit purchasers or remarket the Series C/D Bonds or to determine the interest rate on the Series C/D Bonds.

INDEPENDENT AUDITORS

The consolidated financial statements of Yale-New Haven Health Services Corporation and Subsidiaries as of September 30, 2013 and 2012 and for the years then ended, included in Appendix B-1 to this Official Statement, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing therein.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. ("Acacia") is serving as financial advisor to the Obligated Group with respect to the issuance of the Bonds. Acacia is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement. Acacia is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing securities.

LITIGATION

The Authority

There is not now pending or, to the knowledge of the Authority, threatened any litigation against the Authority restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence of the Authority nor the title of the present members or other officers of the Authority to their respective offices is being contested. There is no litigation pending which in any manner questions the right of the Authority to make the loans to HSC in accordance with the provisions of the Act, the Indentures and the Agreements.

The Obligated Group

For information on litigation with respect to the Members, see APPENDIX A – "CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP – Litigation."

RATINGS

Fitch Ratings Inc. ("Fitch") has assigned (i) the Series A Bonds, the Series B Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds a long-term rating of "AA-" with a stable outlook based solely on the credit of the Obligated Group, (ii) the Series C Bonds a short-term rating of "F1" based solely on the credit of the

Series C Credit Facility Provider, and (iii) the Series D Bonds a short-term rating of "F1" based solely on the credit of the Series D Credit Facility Provider.

Moody's Investors Service, Inc. ("Moody's") has assigned (i) the Series A Bonds, the Series B Bonds and the Series E Bonds a long-term rating of "Aa3" with a stable outlook based solely on the credit of the Obligated Group, (ii) the Series C Bonds a rating of "Aa1" based on a joint correlation analysis of the credit of the Obligated Group and the Series C Credit Facility Provider, and a short-term rating of "VMIG 1" based solely on the credit of the Series C Credit Facility Provider, and (iii) the Series D Bonds a rating of "Aa1" based on a joint correlation analysis of the credit of the Obligated Group and the Series D Credit Facility Provider and a short-term rating of "VMIG 1" based solely on the credit of the Series D Credit Facility Provider. Moody's also assigned an underlying rating of "Aa3" to the Series C Bonds and the Series D Bonds based solely on the credit of the Obligated Group.

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P") has assigned (i) the Series A Bonds, the Series B Bonds and the Series E Bonds a long-term rating of "A+" with a stable outlook based solely on the credit of the Obligated Group, (ii) the Series C Bonds a rating of "AAA" based on a joint correlation analysis of the credit of the Obligated Group and the Series C Credit Facility Provider, and a short-term rating of "A-1" based solely on the credit of the Series C Credit Facility Provider, and (iii) the Series D Bonds a rating of "AAA" based on a joint correlation analysis of the credit of the Obligated Group and the Series D Credit Facility Provider, and a short-term rating of "A-1" based solely on the credit of the Series D Credit Facility Provider. S&P also assigned an underlying rating of "A+" to the Series C Bonds and the Series D Bonds based solely on the credit of the Obligated Group.

Such ratings reflect only the views of such rating agencies and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

The references in this Official Statement to the Act, the Indentures, the Agreements, the Master Indenture, the Supplemental Master Indentures, the 2014 Notes, the Continuing Disclosure Agreements, the Letters of Credit, the Reimbursement Agreements, the Remarketing Agreements, and the other documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and references are made to the Act, the Indentures, the Agreements, the Master Indenture, the Supplemental Master Indentures, the 2014 Notes, the Continuing Disclosure Agreements, the Letters of Credit, the Reimbursement Agreements, the Remarketing Agreements, and the other documents for full and complete statements of such and all provisions. The agreements of the Authority with the Bondowners are fully set forth in the applicable Indenture, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the Bondowners. So far as any statements are made in this Official Statement involving matters of opinion or forecasts, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the office of the Authority.

Attached hereto as Appendix A is certain information relating to the System and the Obligated Group. Appendix B-1 contains the consolidated financial statements of Yale-New Haven Health Services Corporation and Subsidiaries as of September 30, 2013 and 2012 and for the fiscal years then ended. Appendix B-2 contains certain unaudited financial information for the Obligated Group as of February 28, 2014 and 2013 and for the five-month periods then ended and as of September 30, 2013 and 2012 and for the fiscal years then ended. Appendix B-3 contains the unaudited consolidated financial statements of Yale-New Haven Health Services Corporation and Subsidiaries, including schedules showing subtotals for the Obligated Group, as of February 28, 2014 and 2013 and for the five-month periods then ended. With respect to Appendices A, B-1, B-2 and B-3, and any other information contained herein pertaining to the Obligated Group or the Obligated Group's financial condition, the Authority makes no representations or warranties whatsoever with respect to the information contained herein or therein. The

Authority has relied entirely on the Obligated Group for the information contained in Appendices A, B-1, B-2 and B-3 and the other information pertaining to the Obligated Group, and the Obligated Group's financial condition and on the information contained in Appendices A, B-1, B-2 and B-3.

See APPENDIX C-1 – "DEFINITIONS OF CERTAIN TERMS FOR THE FIXED RATE BONDS," APPENDIX C-2 – "DEFINITIONS OF CERTAIN TERMS FOR THE VARIABLE RATE BONDS," APPENDIX D-1 – "EXCERPTS FROM THE FIXED RATE INDENTURES," APPENDIX D-2 – "EXCERPTS FROM THE VARIABLE RATE INDENTURES," APPENDIX E-1 – "EXCERPTS FROM THE FIXED RATE AGREEMENTS," APPENDIX E-2 – "EXCERPTS FROM THE VARIABLE RATE AGREEMENTS," APPENDIX F – "FORM OF MASTER INDENTURE," APPENDIX H – "PROPOSED FORM OF OPINIONS OF BOND COUNSEL" and APPENDIX I – "FORM OF CONTINUING DISCLOSURE AGREEMENTS" have been prepared and provided by Bond Counsel.

APPENDIX G – "INDEBTEDNESS OF THE AUTHORITY" has been prepared by the Authority.

APPENDIX J-1 – "SUMMARY OF THE SERIES C REIMBURSEMENT AGREEMENT" has been provided by counsel to the Series C Credit Facility Provider.

APPENDIX J-2 – "SUMMARY OF THE SERIES D REIMBURSEMENT AGREEMENT" has been provided by counsel to the Series D Credit Facility Provider.

APPENDIX K-1 – "INFORMATION CONCERNING THE SERIES C CREDIT FACILITY PROVIDER" has been provided by the Series C Credit Facility Provider.

APPENDIX K-2 – "INFORMATION CONCERNING THE SERIES D CREDIT FACILITY PROVIDER" has been provided by the Series D Credit Facility Provider.

All Appendices are incorporated as an integral part of this Official Statement.

The Authority has authorized the execution and delivery of this Official Statement by one of its Authorized Officers.

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

By: *__/s/ Jeffrey A. Asher__*
Executive Director

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APPENDIX A

CERTAIN INFORMATION CONCERNING THE YALE NEW HAVEN HEALTH SYSTEM AND THE OBLIGATED GROUP

TABLE OF CONTENTS

INTRODUCTION

This Appendix A includes information regarding the Yale New Haven Health System ("YNHHS" or the "System") and the Obligated Group (as defined below) in connection with the sale of the Bonds described in the front portion of this Official Statement. Terms used in this Appendix A that are not defined herein have the same meanings assigned to them in the front portion of this Official Statement.

The Obligated Group

Concurrently with the issuance of the Bonds, six members (each a "Member") of the System, Yale-New Haven Health Services Corporation ("HSC"), Yale-New Haven Hospital, Inc. ("Yale-New Haven Hospital"), Yale-New Haven Care Continuum Corporation d/b/a The Grimes Center (the "Grimes Center"), Bridgeport Hospital, Bridgeport Hospital Foundation, Inc. ("BH Foundation"), and Northeast Medical Group, Inc. ("NEMG") will form an obligated group (the "Obligated Group") pursuant to the Master Indenture and an Obligated Group Agreement, dated the date of the issuance of the Bonds, by and among HSC, Yale-New Haven Hospital, the Grimes Center, Bridgeport Hospital, BH Foundation and NEMG. The Gross Revenues of each Member are pledged under the Master Indenture as security for the Notes to be issued under the Master Indenture to secure the Bonds. See, "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the front portion of this Official Statement.

HSC serves as agent (the "Obligated Group Agent") of the Obligated Group. The Members of the Obligated Group have adopted certain governance provisions in their certificates of incorporation and bylaws pursuant to which HSC retains the authority to directly take certain actions on behalf of each Obligated Group Member without the approval of the board of trustees of the applicable Obligated Group Member, including the incurrence of indebtedness on behalf of each Obligated Group Member, the management and control of the liquid assets of each, and the appointment of the president and chief executive officer of each Obligated Group Member. See "CORPORATE ORGANIZATION AND SYSTEM CONTROL - Governance" herein.

Greenwich Hospital, The Greenwich Hospital Endowment Fund, Inc. (the "Greenwich Endowment Fund"), Greenwich Health Care Services, Inc. ("Greenwich Health Care"), and Northeast Medical Group, PLLC ("NEMG PLLC") are part of the System but are not Members of the Obligated Group. See, "CORPORATE ORGANIZATION AND SYSTEM CONTROL - Corporate Organization" herein. ***Accordingly, while this Appendix A includes certain information with respect to Greenwich Hospital, the Greenwich Endowment Fund, Greenwich Health Care and NEMG PLLC as members of the System, the gross revenues of Greenwich Hospital, the Greenwich Endowment Fund, Greenwich Health Care and NEMG PLLC are not pledged as security for the Notes to be issued under the Master Indenture as security for the Bonds.*** No inference should be drawn from the presentation of information with respect to the System as a whole, or with respect to such members of the System that are not Obligated Group Members, that any entity other than the Obligated Group Members has any liability for any Obligated Group obligation.

CORPORATE ORGANIZATION AND SYSTEM CONTROL

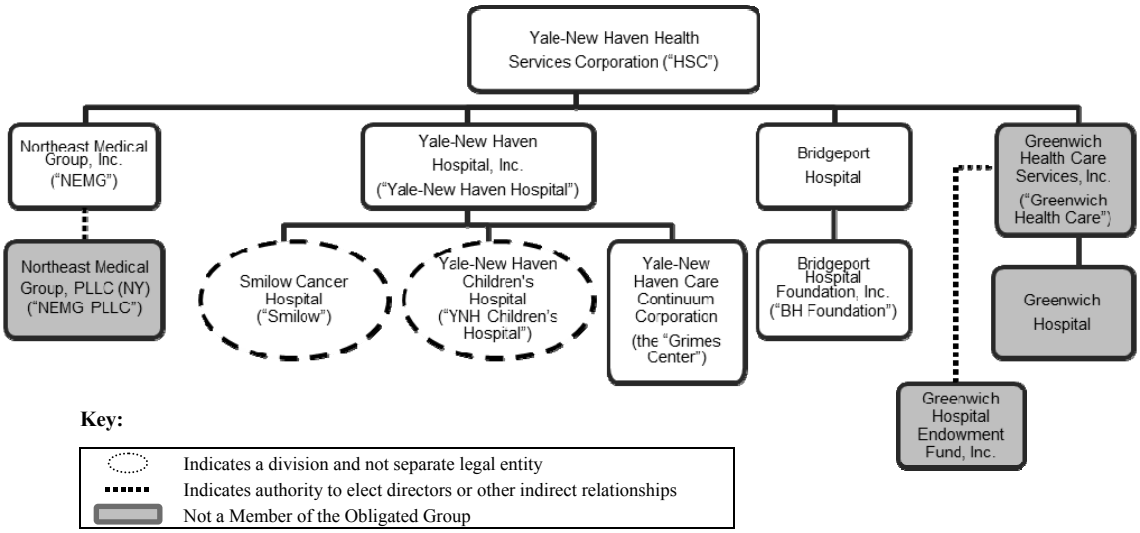
Corporate Organization

YNHHS is an integrated regional healthcare delivery system supporting the delivery of services in three major geographic regions within the State of Connecticut (the "State" or "Connecticut"), and comprises several operating entities and affiliates. Specifically, and as further described below, the System comprises HSC, a nonstock tax-exempt corporation and its affiliates, which include three corporate member delivery networks -- Yale-New Haven Hospital, Bridgeport Hospital and Greenwich Health Care (including Greenwich Hospital), as well as a physician foundation, NEMG. The System has a shared governance model in which each delivery network hospital has its own board of trustees and the HSC Board of Trustees includes a representative from each delivery network. HSC has authority to approve certain activities of the entities that are part of the System, including annual budgets, strategic plans, issuance of debt, purchase or sale of significant assets, mergers and consolidations, amendments to the entity's certificate of incorporation and bylaws, and fundraising programs.

APPENDIX A

The chart below illustrates the organizational structure of the primary System members described in this Appendix A.

YALE NEW HAVEN HEALTH SYSTEM



Key Components of the System

Yale-New Haven Delivery Network

- *Yale-New Haven Hospital* – a nonprofit tax-exempt corporation originally chartered in 1826 as the nation's fourth voluntary hospital, Yale-New Haven Hospital, located in New Haven, Connecticut, is one of the largest hospitals in the country. An acute care general hospital, Yale-New Haven Hospital has two main campuses: (1) its founding campus located at 20 York Street (the "York Street Campus"), and (2) its campus located at 1450 Chapel Street (the "Saint Raphael Campus"). On September 12, 2012, Yale-New Haven Hospital and its subsidiaries acquired substantially all of the assets and operations and assumed certain liabilities of the Saint Raphael Healthcare System, Inc. ("SRHS"), including substantially all of the assets of its wholly-owned subsidiary, the Hospital of Saint Raphael, located approximately six blocks from the York Street Campus (the "SRHS Acquisition"). After giving effect to the SRHS Acquisition, Yale-New Haven Hospital has a total of 1,541-licensed beds (including 134 bassinets). At the York Street Campus, there are 966 licensed beds (including 163 beds in the Smilow Cancer Hospital at Yale-New Haven Hospital, 105 beds in Yale-New Haven Children's Hospital ("YNH Children's Hospital") plus 92 bassinets, and 73 beds at the nearby Yale-New Haven Psychiatric Hospital, each a division of Yale-New Haven Hospital). In addition, in January 2012, the pediatrics floor, the neonatal intensive care unit and the pediatric primary care clinic at Bridgeport Hospital were integrated with YNH Children's Hospital, and are now operated under YNH Children's Hospital license adding 42 licensed beds (including 20 bassinets) at Bridgeport Hospital. See, "Bridgeport Delivery Network" below. At the Saint Raphael Campus, there are 511 licensed beds (including 25 psychiatric beds and 18 rehabilitation beds), plus 22 bassinets. Yale-New Haven Hospital serves as the primary teaching hospital for the Yale University School of Medicine ("YSM") and receives national and international referrals for tertiary and quaternary levels of care. In addition to serving a large referral population, Yale-New Haven Hospital is a major health care resource for its local community.

  Yale-New Haven Hospital is the primary teaching hospital for YSM. The Hospital's affiliation involves medical education, research and clinical services, including, but not limited to, the provision of patient care and medical administrative services by YSM physicians. For fiscal year ("FY") 2013, the System paid YSM approximately $218.6 million for these services. The affiliation enhances patient care, teaching and research at both entities. Yale-New Haven Hospital operates more than 100 residency programs for the training of more than 1,100 residents and fellows annually in more than 90 specialties

and subspecialties. As the primary teaching hospital for YSM, the Yale-New Haven Hospital also provides clinical experience for more than 100 medical students in each class year.

- *Grimes Center*– a nonprofit tax-exempt 120 bed skilled nursing facility.

Bridgeport Delivery Network

- *Bridgeport Hospital* - a nonprofit, tax-exempt general acute care hospital founded in 1884, Bridgeport Hospital has 383 licensed beds with an additional 42 licensed beds under YNH Children's Hospital license. Bridgeport Hospital offers a wide range of both community and tertiary care services, including surgical subspecialties provided by physicians of YSM. Bridgeport Hospital has an active medical/dental staff of 602 and employs approximately 2,500 other professional, administrative and support personnel. As an academic/community teaching hospital, it has an active residency program in the major medical disciplines and has integrated residencies with Yale-New Haven Hospital in pediatrics, emergency medicine and surgery. Its main hospital campus is located at 267 Grant Street in Bridgeport, Connecticut.

- *BH Foundation* – a nonprofit, tax-exempt entity founded in 1988 the purpose of which is to participate as an integral part of YNHHS's integrated health care delivery system, which provides through Bridgeport Hospital and its affiliates, comprehensive, cost effective, advanced patient care characterized by safety and clinical and service quality and to fund and promote activities and programs of the System, including activities and programs of its affiliates, consistent with and in furtherance of BH Foundation's charitable purposes and the charitable purposes of all System affiliates.

Greenwich Delivery Network

- *Greenwich Health Care* - a nonprofit, tax-exempt entity that serves as the sole member of Greenwich Hospital and certain affiliates.

- *Greenwich Endowment Fund* - a nonprofit, tax-exempt entity that primarily manages and administers Greenwich Hospital's unrestricted endowment funds.

- *Greenwich Hospital* - a nonprofit, tax-exempt general acute care hospital founded in 1903, Greenwich Hospital has 206 licensed beds. Greenwich Hospital has an active medical staff of approximately 592 and employs approximately 1,797 other professional, administrative and support personnel. Greenwich Hospital is the only free-standing acute care hospital in Greenwich, Connecticut primarily serving communities in western Fairfield County and eastern Westchester County, New York.

  None of Greenwich Health Care, the Greenwich Endowment Fund or Greenwich Hospital is a Member of the Obligated Group.

Physician Organizations

- *NEMG* – the System's tax-exempt physician foundation was developed in 2010 to support the delivery of better integrated, safe, high quality care by physicians who practice in communities served by the System. NEMG currently engages approximately 470 physicians and over 200 advanced practitioners, and provides services at each of the System hospitals and at practices throughout the State.

- *NEMG PLLC* – a tax-exempt New York professional limited liability company affiliated with NEMG that provides medical services in the State of New York. NEMG PLLC leases approximately 10 physicians, and other advanced practioners and staff from NEMG for purposes of providing health care services in the State of New York. NEMG PLLC is not a Member of the Obligated Group.

HSC provides various services to all of the above entities, including System hospitals. These services include, in significant part, management, strategic planning, medical affairs, financial, treasury, legal, technology, and risk management services. For FY 2013, System members paid HSC approximately $368.4 million for these services.

Governance

The HSC Board of Trustees (the "HSC Board") currently comprises 18 members, although a maximum of twenty-one is permitted by HSC Bylaws. They include five *ex officio* members with voting powers (President/Chief Executive Officer of HSC, President of Yale University, Chair of Bridgeport Hospital Board, Chair of Greenwich Hospital Board, and Chair of Yale-New Haven Hospital Board). Trustees are elected for three-year terms and may serve three successive three-year terms. Trustees may also serve a fourth term if elected as a corporate officer or appointed chair of a standing HSC Board committee. Trustees may continue to serve on the Board past their four-term limit provided the Board votes to waive the existing age (76 years old) and term limits. The current members of the Board are as follows:

Board Member	Principal Affiliation	Year Elected
Marna P. Borgstrom	President and CEO, HSC CEO, Yale-New Haven Hospital	2005
Vincent A. Calarco	Retired Chairman, President and CEO, Crompton Corporation	2012
Joseph R. Crespo	Chairman, EQV Advisors, LLC Chair, Yale-New Haven Hospital Board of Trustees	1989
Neil P. DeFeo	Owner, DeFeo Partners	2011
Mary C. Farrell	Financial Advisor	2007
Thomas B. Ketchum	Retired Vice Chairman, JP Morgan Chase & Co.	2007
John L. Lahey	President, Quinnipiac University	2010
Marvin K. Lender	Retired Chairman, Lender Management, LLC	1998
Julia M. McNamara	President, Albertus Magnus College Chair, HSC Board of Trustees	1991
Daniel J. Miglio	Retired Chairman & Chief Executive Officer, SNET	1996
Barbara B. Miller	Community Volunteer	2011
Daniel L. Mosley, Esquire	Partner, Cravath, Swaine & Moore, LLP Chair, Greenwich Hospital Board of Trustees	2007
Ronald B. Noren, Esquire	Partner, Brody Wilkinson, P.C	2006
Benjamin Polak	Provost, Yale University	2013
Meredith B. Reuben	Chief Executive Officer, EBP Supply Solution Chair, Bridgeport Hospital Board of Trustees	2010
Peter Salovey	President, Yale University	2013
Elliot J. Sussman, M.D.	Independent Consultant	2011
James P. Torgerson	President & Chief Executive Officer, UIL Holdings Corporation	2012

The HSC Board meets at least quarterly. The HSC Board is responsible for setting System-wide strategy and ensuring the success of the delivery networks. The HSC Board is also responsible for approving all plans, operating budgets and capital budgets of the delivery networks. The HSC Board conducts much of its business through active and engaged committees. The standing committees of the HSC Board are: Finance, Audit, Investment, Nominating and Governance, and Executive Compensation. Duties of the standing Board committees are as delegated by the HSC Board in accordance with HSC's Bylaws.

The System has approved a Conflict of Interest/Business Conduct Policy that applies to System-affiliated entities and members of the HSC Board, as well as officers and key employees throughout the System. These individuals are asked to complete a disclosure statement annually.

As Obligated Group Agent, HSC retains authorities over several matters of the Obligated Group Members including:

- Establishment of targets for the capital, cash flow, and operating budgets for each Member,
- Approval, issuance and incurrence of indebtedness on behalf of the Obligated Group and each Member,
- Management and control of the liquid assets of each Member,
- Appointment of the president and chief executive officer for each Member, and
- Appointment of the independent auditor for each Member and management of the audit and compliance process and procedures for each Member.

The HSC Board delegates to each Member, by action of such Member's board of trustees, the authority over several matters including the authority to develop, establish and recommend for approval to the HSC Board, capital, cash flow and operating budgets for each year within the proscribed limits established by HSC.

Executive Administration

Marna P. Borgstrom, 60, is President and Chief Executive Officer of HSC and Chief Executive Officer of Yale-New Haven Hospital. She holds a Masters in Public Health degree in Hospital Administration from the Yale University School of Medicine and a bachelor's degree in Human Biology from Stanford University. Ms. Borgstrom began at Yale-New Haven Hospital in 1979 and was its Chief Operating Officer for 12 years before being appointed to her current position in October 2005. She serves on the boards of several organizations including HSC, Yale-New Haven Hospital, Connecticut Hospital Association, VHA Inc. (Dallas, Texas), the Association of American Medical Colleges, and the Coalition to Protect America's Healthcare.

Richard D'Aquila, 59, is Executive Vice President of HSC and President and Chief Operating Officer of Yale-New Haven Hospital. He holds a Masters in Public Health degree in Hospital Administration from Yale University School of Medicine. Mr. D'Aquila joined the System in 2006. Previously, he was Senior Vice President and Chief Operating Officer of New York Presbyterian Hospital/Weill Cornell Medical Center. Prior to his experience at New York Presbyterian, Mr. D'Aquila served as Executive Vice President and Chief Operating Officer of St. Vincent's Medical Center, Bridgeport, Connecticut.

William J. Aseltyne, Esq., 52, is Senior Vice President and General Counsel of HSC and Yale-New Haven Hospital. He holds a J.D. degree from University of Michigan Law School. Mr. Aseltyne joined Yale-New Haven Hospital in 2007. Previously he was Vice President and Deputy General Counsel of Sutter Health. Prior to that Mr. Aseltyne began his legal career at Bingham McCutchen.

Daniel J. Barchi, 45, is Senior Vice President and Chief Information Officer of HSC and Yale-New Haven Hospital. He holds a Bachelor of Science degree from Annapolis, the U.S. Naval Academy, and a Master of Engineering Management degree from Old Dominion University. Mr. Barchi joined HSC and Yale-New Haven Hospital in 2010. Previously, Mr. Barchi was Senior Vice President and Chief Information Officer of Carilion Health System. Prior to that he was Chief Restructuring Officer at MCI WorldCom.

Gayle Capozzalo, 65, is Executive Vice President/Chief Strategy Officer of HSC. She holds a Master's of Science degree in Public Health from University of Missouri-Columbia and completed two years post masters work in healthcare marketing and organization development at Saint Louis University. She joined HSC in 1997. Prior to that, she was in senior leadership positions in a number of large healthcare systems in the midwest and south. Ms. Capozzalo is a Fellow and is a past Chairman of the American College of Healthcare Executives. She serves on the boards of Voluntary Hospitals of America New England, Connecticut Public Television, and Planned Parenthood of Southern New England.

*Frank A. Corvino***,** 65, is President and Chief Executive Officer of Greenwich Hospital and the Executive Vice President of HSC. He received his undergraduate education in Pharmacy at Fordham University and completed his graduate training at St. John's University. Mr. Corvino has served in his current role for Greenwich Hospital since 1991 and prior was Chief Operating Officer. Previous to joining Greenwich Hospital, Mr. Corvino held several executive positions at Our Lady of Mercy Medical Center, Bronx, New York. Mr. Corvino held faculty positions with New York Medical College and St. John's University. Active in community and professional organizations, Mr. Corvino is a member of the Board of Directors of Cabrini of Westchester, Breast Cancer Alliance Advisory Board, and Connecticut Community Bank. Mr. Corvino has announced his retirement as President and Chief Executive Officer of Greenwich Hospital and Executive Vice President of HSC, effective December 31, 2014. A process will be implemented to select his successor.

William S. Gedge, 59, is Senior Vice President, Payer Relations for HSC. Mr. Gedge received his B.A. in Biology, Sociology and Psychology at Macalester College and a Graduate Certificate from University of Minnesota in the Independent MHA program. He joined HSC in 1998. Mr. Gedge previously was Vice President for Managed Care at Allina Health Systems. Mr. Gedge serves on the boards of CHA Diversified Network Services, Fairhaven Community Health, and is the past President of the New Haven Symphony Orchestra.

Peter N. Herbert, MD, 73, is Senior Vice President for Medical Affairs of HSC and the Chief Medical Officer and Senior Vice President for Medical Affairs of Yale-New Haven Hospital. Dr. Herbert is a graduate of Rensselaer Polytechnic Institute and Yale University School of Medicine. He completed his internship and residency in Internal Medicine at Yale-New Haven Hospital and was Chief of the Lipoprotein Structure Section and Chief of the Clinical Service in the Molecular Disease Branch at the National Heart, Lung & Blood Institute, Bethesda, Maryland until 1977, when he moved to Brown University School of Medicine as Professor of Medicine. Since 1991, Dr. Herbert has been a Clinical Professor of Medicine at Yale University School of Medicine, Department of Medicine and until 1999 was Chief of Medicine at the Hospital of Saint Raphael. Dr. Herbert is widely published and is a member of several professional societies including the American College of Physicians (Fellow) and the American Society of Clinical Investigation. He is currently Board Chairman of NEMG.

William M Jennings, 46, is President and Chief Executive Officer of Bridgeport Hospital and the Executive Vice President of HSC. Mr. Jennings received a Bachelor of Science in Business Administration degree from Miami University and a Master of Arts in Health Administration from The Ohio State University. Mr. Jennings joined HSC in 2010. Previously, he was President of SSM St. Mary's Health Center and President of the SSM St. Louis Heart Institute, both of which are part of the SSM Health Care System, Inc. His prior positions include Administrator and Chief Operating Officer of Morton Plant North Bay Hospital, New Port Richey, Florida; Chief Operating Officer and Administrator and (Interim) Chief Executive Officer of Cookeville Regional Medical Center, Cookeville, Tennessee; Vice President of Cleverley and Associates (formerly The Center for Healthcare Industry Performance Studies), Columbus, Ohio; and Executive Manager of Norton Healthcare, Inc./Norton Health System, Louisville, Kentucky where he was also a Fellow. Mr. Jennings is a Fellow with the American College of Healthcare Executives. He also serves on the board of the Bridgeport Regional Business Council, the Diversified Network Services Board of the Connecticut Hospital Association, and the Board of Central Connecticut.

*Alan S. Kliger, MD, 68***,** is Vice President, Chief Quality Officer of HSC. Dr. Kliger is a graduate of City College of New York and State University of New York Upstate Medical School (SUNY Upstate). He completed his residency in Internal Medicine at SUNY Upstate, and a fellowship in Nephrology at Georgetown University Hospital. Dr. Kliger was medical director of YNHH dialysis unit when he was on the full-time university faculty, and thereafter spent nearly two decades in private practice in New Haven. From 2001 - 2009 he served as Chairman, Department of Medicine, the Hospital of Saint Raphael, and from 2009 - 2012 was Senior Vice President and Chief Medical Officer of the hospital. Since 1993, he has been a Clinical Professor of Medicine at Yale University School of Medicine. Dr.

Kliger has served as the study chair for two multicenter clinical trials sponsored by the National Institute of Diabetes, Digestive Diseases and the Kidney, and is past president of two national organizations focused on kidney disease, the Renal Physicians Association and the Forum of Endstage Renal Disease Networks.

Kevin A. Myatt, 58, is Senior Vice President and Chief Human Resources Officer of HSC and Yale-New Haven Hospital. He received his Masters in Business Administration from Arizona State University. Previously he was Associate Vice Chancellor/Chief Human Resources Officer at Vanderbilt University. Prior to his experience at Vanderbilt University, Mr. Myatt served as Vice President of Human Resources for North Carolina Baptist Hospitals of Wake Forest University and Baptist Medical Center, Winston-Salem, North Carolina, and as Vice President for Human Resources at Mercy Healthcare, Phoenix, Arizona.

Robert A. Nordgren, 45, MD, MBA, MPH is the Chief Executive Officer of NEMG and a Senior Vice President of HSC. Dr. Nordgren joined HSC in September 2010. He is a Board-Certified pediatrician who received his undergraduate degree from Williams College, his Masters in Public Health degree and MD from Columbia University, and his MBA from the Isenberg School of Management at The University of Massachusetts. He was previously Associate Medical Director at Dartmouth-Hitchcock Medical Center, Manchester, New Hampshire, and an adjunct faculty member of the Dartmouth Medical School Department of Pediatrics. He also served as the Executive Director of Child Health Services, Manchester, New Hampshire. Dr. Nordgren completed his pediatric Internship, Residency and Chief Residency at the Children's Hospital of Philadelphia.

Christopher M. O'Connor, 43, is the Executive Vice President and Chief Operating Officer of HSC. He received his Masters in Health Services Administration from George Washington University in 1996 and his Bachelor of Arts, Economics from George Washington University in 1993. Before joining HSC in 2012, he was President and Chief Executive Officer of the Saint Raphael Healthcare System and the Hospital of Saint Raphael. Prior to that he served as President of Caritas St. Elizabeth Medical Center, the 340-bed flagship of the six-hospital system affiliated with the Archdiocese of Boston and Tufts University School of Medicine. He also served as Vice President of Clinical Operations for the Ochsner Health System, New Orleans, Louisiana. Mr. O'Connor is a fellow of the American College of Healthcare Executives.

Vincent Petrini, 51, is Senior Vice President for Public Affairs of HSC and Yale-New Haven Hospital. Mr. Petrini received his B.S. and M.S. in Communications from Northwestern University. He joined Yale-New Haven Hospital in December 2003. Previously, he was Chief Public Affairs Officer for Brigham and Women's Hospital, Boston, Massachusetts. Prior to that he served as President and Principal of Tactical Communications Group and as Director of Communications for the Regional Transportation Authority in Chicago, Illinois. He also served as press secretary for former Illinois Governor James Thompson's successful 1986 gubernatorial campaign.

James M. Staten, 55, is Executive Vice President, Corporate and Financial Services of HSC and Chief Financial Officer and Senior Vice President of Finance of Yale-New Haven Hospital. Mr. Staten joined HSC in 2000. He received a Bachelor of Science in Business/Economics from the State University of New York. Previously, Mr. Staten was the Senior Vice President, Finance of the New York Presbyterian Hospital and the New York Presbyterian Health Care System. Prior to that, he was a Senior Manager with Ernst & Young, LLP in New York. Prior to joining Ernst & Young, LLP, Mr. Staten was with Pannell Kerr Forster in the firm's health care management consulting and auditing practice.

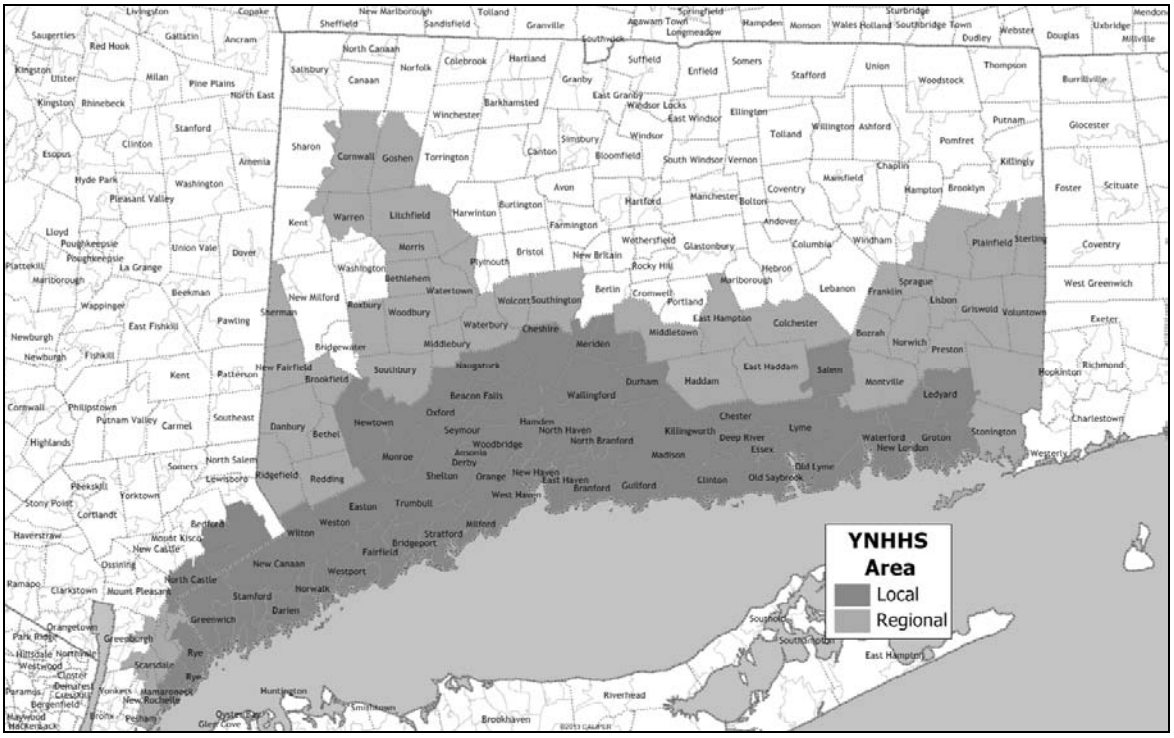
SERVICE AREA, SERVICE SHARE INFORMATION AND STRATEGY

Service Area

Due to the tertiary and quaternary nature of their clinical services and the many diverse specialties they offer, the System's hospitals draw patients from a broad geographic area. The System's inpatient service area consists of a local service area, as well as regional and growth areas. The System's local service area (the "LSA") is defined as the contiguous municipalities in which the System has 10% or greater share of each municipality's total inpatient discharges. The System's regional service area (the "RSA") includes the municipalities in which the System has between 5% and 9.9% share of each municipality's total inpatient discharges. The LSA is principally based in the southern half of the State, while the RSA is in the mid-region of the State and in portions of the State of New York.

APPENDIX A

In total, the System's service areas include Connecticut's eight counties and portions of Rhode Island and New York. Forecasted data based on the 2010 census from Claritas Inc., an external demographic data provider, shows that the population in the State is predicted to reach 3,622,421 in 2019. This represents a 0.72% increase from a baseline population of 3,596,421 in 2014. The forecast indicates that the elderly population (65+ years), the segment of the population that consumes the majority of health care services, is predicted to grow at a rate of 15.1% over the next five years, while the remainder of the population is expected to decrease by 1.9% over the same period. Although impacted by the economy, in general, demand for healthcare services is expected to grow with the increase of the elderly population in comparison to the overall population.



Hospitals Within the System's Local Service Area

1. Yale-New Haven Hospital[1]
2. Milford Hospital
3. Griffin Hospital
4. MidState Medical Center[2]
5. Bridgeport Hospital[1]
6. St. Vincent's Medical Center[3]
7. Norwalk Hospital[4]
8. Stamford Hospital
9. Greenwich Hospital[1]

Hospitals Within the System's Regional Service Area

1. Waterbury Hospital
2. St. Mary's Hospital
3. Middlesex Hospital
4. The William W. Backus Hospital[2]
5. Lawrence & Memorial Hospital
6. The Hospital of Central CT (Bradley Campus)[2]
7. Charlotte Hungerford Hospital
8. Danbury Hospital[4]
9. White Plains Hospital (NY)[5]
10. Montefiore New Rochelle (NY)[6]

[1] *Affiliated with the System*
[2] *Affiliated with Hartford Healthcare*
[3] *Affiliated with Ascension Health*
[4] *Affiliated with Western Connecticut Health Network*
[5] *In process of affiliating with Montefiore Health*
[6] *Affiliated with Montefiore Health*

Service Share

The System's inpatient share, comprising inpatient discharges for Yale-New Haven Hospital, Bridgeport Hospital and Greenwich Hospital (regardless of patient origin), has increased by 5.9% among Connecticut hospitals between FY 2011 and FY 2013. The growth in all clinical areas includes the impact of the integration of the Hospital of Saint Raphael with Yale-New Haven Hospital in September 2012. System clinical service lines with the most growth include urology by 10.4%, orthopaedics by 8.4%, surgery by 7.1%, gynecology by 6.7%, cardiac services by 6.3%, medicine by 6.1%, and oncology by 5.8%.

Between FY 2011 and FY 2013, the System's inpatient hospital discharges increased by 23.3%, while discharges for all other Connecticut hospitals (excluding the System's hospitals) decreased by 10.6%. HSC believes that this increase in the System's volume is attributed to the scope and quality of clinical services offered by the System and the acquisition of the Hospital of Saint Raphael in September 2012 (reflected in FY 2013 volume and inpatient share). Without the addition of the Hospital of Saint Raphael volume, the System's inpatient discharges would have increased by 0.2% between FY 2011 and FY 2013.

The System's inpatient share by clinical specialty, as compared to all Connecticut hospitals, is presented in the following table. In FY 2013, the System's hospitals' share of inpatient discharges as a percentage of all hospitals within the State was 27.3% (regardless of patient origin). Inpatient share by service line is listed in the table below.

YNHHS Inpatient Share[*]
Fiscal Year Ended September 30

Service Line	FY 2013	FY 2012	FY 2011
Cardiac	26.3%	19.8%	20.0%
Gynecology	33.7	27.9	27.0
Medicine	24.4	18.2	18.3
Neuro/Neurosurgery	26.8	21.9	21.7
Obstetrics	28.8	24.9	24.3
Oncology	33.1	28.5	27.3
Orthopaedics	23.6	15.4	15.2
Psychiatry	20.8	17.3	16.7
Surgery	29.0	23.0	21.9
Urology	27.3	17.2	16.9
Other[†]	44.1	43.1	42.6
Pediatrics/Neonatal	40.6	36.4	35.5
Normal Newborn	28.2	24.1	23.1
Total	**27.3%**	**21.7%**	**21.4%**

[*] Among Connecticut hospitals only. FY 2011 and FY 2012 do not include Hospital of Saint Raphael discharges.
[†] Other includes Ophthalmology, Other and transplant.
Source: Connecticut Hospital Association, allocated by the traditional hospital service line definitions.

Area Hospitals

The System's flagship hospital, Yale-New Haven Hospital, is among a select number of academic medical centers ("AMCs") in the nation offering a broad range of primary, secondary, tertiary and quaternary services in more than 100 specialty areas. Yale-New Haven Hospital's peer institutions generally include: Massachusetts General Hospital, Boston; New York Presbyterian Hospital, New York; Brigham and Women's Hospital, Boston; The Johns Hopkins Hospital, Baltimore; the Cleveland Clinic, Cleveland; the Hospital of the University of Pennsylvania, Philadelphia, and certain other AMCs throughout the country. With 1,541 licensed beds, Yale-New Haven Hospital is one of the largest hospitals in the country and relies on the skill and expertise of more than 4,500 YSM and community physicians and advanced practitioners, including more than 600 resident physicians. As the primary teaching hospital for YSM, Yale-New Haven Hospital has supervised physician residents and fellows supporting its

medical staff by providing around-the-clock coverage and insightful, research-supported patient care. Yale-New Haven Hospital regularly ranks among the best hospitals in the United States and is accredited by The Joint Commission. In conjunction with YSM, Yale-New Haven Hospital is nationally recognized for its commitment to teaching and clinical research. In addition to providing quality medical care to patients and families, Yale-New Haven Hospital is the second largest employer in the New Haven area with more than 12,000 employees.

Bridgeport Hospital is a private, not-for-profit acute care hospital located in Connecticut's most populous city, primarily serving patients from Fairfield and New Haven Counties. Burn patients are seen in The Connecticut Burn Center - the only burn center in Connecticut - from throughout the State and neighboring states. Bridgeport Hospital has 383 licensed beds, plus 42 beds licensed under YNH Children's Hospital, more than 2,600 employees, nearly 600 active attending physicians representing more than 60 subspecialties, 235 medical/surgical residents and fellows in programs affiliated with YSM, and more than 460 volunteers and 380 auxilians.

Greenwich Hospital is a 206-bed regional hospital, serving Fairfield County, Connecticut and Westchester County, New York. With an internal medicine residency program, Greenwich Hospital represents all medical specialties and offers a wide range of medical, surgical, diagnostic and wellness programs. The state-of-the-art main campus in Greenwich encompasses the Leona and Harry B. Helmsley Medical Building and the Thomas and Olive C. Watson Pavilion. Located across the street from the hospital, the Sherman and Gloria H. Cohen Pavilion houses the Smilow Cancer Hospital/Greenwich Hospital Campus, home to the Bendheim Cancer Center, and the Breast Center. Greenwich Hospital satellite facilities include an Endoscopy Center, the Greenwich Fertility Center, the Leona and Harry B. Helmsley Ambulatory Surgical Center, and the Weight Loss & Diabetes Center, all in Greenwich; a facility for diagnostic imaging and physical therapy in Stamford, Connecticut, and multiple satellite blood draw stations in the area.

NEMG is a System-wide multi-specialty nonprofit physician foundation designed to create opportunities for better collaboration, quality of care and physician alignment. It includes community-based physicians throughout the System, along with additional hospital-based physicians, across southern Connecticut and, through its related professional limited liability company, NEMG PLLC, into Westchester County, New York. NEMG creates cost efficiencies through economies of scale, clinical information systems and unified back office functions, such as billing and practice management.

The System, through all three of its hospitals, currently provides one of the most comprehensive ranges of services available in the State, and many of its tertiary and quaternary services attract regional or national referrals. There are several other hospitals that provide services within the System's LSA. These institutions are primarily community hospitals that provide routine secondary care and certain limited tertiary services. Hartford Hospital, located in the center of the State 40 miles to the north of Yale-New Haven Hospital, is a community teaching institution that provides a broad range of tertiary services and has the only other transplantation center in Connecticut.

The System's RSA consist of over 40 municipalities that encompass most of Fairfield County, parts of Middlesex County and portions of New London and Windham Counties, as well as portions of Westchester County in New York. Each of these counties features other local hospitals. Combined, the LSA and the RSA span the entire southern half of the State.

In FY 2013, the System accounted for 53.8% of total discharges within the LSA; St. Vincent's Medical Center, located in Bridgeport, accounted for 11.1%, Stamford Hospital accounted for 7.5%, and Lawrence and Memorial Hospital and MidState Medical Center each accounted for 4.9% of total discharges in the LSA.

Among all Connecticut hospitals, the System's RSA share in FY 2013 was 8.5%, compared to Waterbury Hospital with 12.3%, St. Mary's Hospital with 12.2%, William Backus Hospital with 12.1%, Norwalk Hospital with 9.9%, Danbury Hospital with 9.0%, and Middlesex Hospital with 9.0%.

Among all Connecticut hospitals in FY 2013, Yale-New Haven Hospital's inpatient share for total discharges (regardless of patient origin) was 19.7%, followed by Hartford Hospital with 10.2%, St. Francis Hospital and Medical Center with 7.9%, and St. Vincent's Medical Center with 5.0%. The System's statewide total inpatient share for total discharges was 27.3% in FY 2013.

Strategic Planning and Initiatives

The System recognizes that the health care environment is evolving rapidly. Significant changes in care delivery and reimbursement are already happening and are likely to accelerate and grow in scope and importance. The System believes that in this environment, strategic planning is essential. Therefore the System has developed a coordinated strategic planning effort that includes Yale-New Haven Hospital, Bridgeport Hospital, Greenwich Hospital, NEMG and YSM. The objectives of this effort are to position the System to continue to be at the forefront of increasing quality of care and cost efficiency, while also strategically enhancing the scale of the System's operational capabilities.

The System expects that this strategic effort will lead to innovative initiatives and changes in the way its delivery, governance and relationships with third parties are structured. This Appendix A describes the initiatives of this kind that have been launched to date. See "SERVICE AREA, SERVICE SHARE INFORMATION AND STRATEGY – Affiliation, Acquisition, Disposition and Disaffiliation Activities" herein. Certain other initiatives are under discussion and are still preliminary in nature. However, by way of illustration only, the System could foresee the implementation of initiatives such as the following should the System's senior management recommend and HSC's Board approve the applicable initiative(s):

- Further centralization of management functions and authority at the HSC level and increased strategic planning and implementation of strategy at the regional rather than just at the local level.

- Merger and acquisition activity involving transaction counterparties both within the State and potentially outside of the State.

- Restructuring lines of clinical business currently carried on separately by System providers of which HSC is directly or indirectly the sole member. Restructuring of this kind could involve realigning service lines so that one or more existing service lines are carried on by only one System provider, rather than being carried on separately by multiple providers.

- Participation in emerging forms of risk organization to promote patient-centered medicine, such as accountable care organizations and medical homes. Participation in ventures of this kind could require significant amounts of capital and could require the System to assume risk for the cost of patient care in excess of premium revenue.

- Participation in joint ventures with third parties to undertake one or more of the types of initiatives described above or other initiatives. The third parties with which the System could partner include other nonprofits and potentially for-profit companies (subject to applicable legal standards for joint ventures between nonprofit and for-profit organizations).

The System is not able to predict which, if any, of these kinds of initiatives will come to fruition or the effect that they could have on the System's financial condition or results of operations, if implemented.

In addition to the possible initiatives listed above, the System is at various levels of implementation on two specific initiatives described below under the heading "Affiliation, Acquisition, Disposition and Disaffiliation Activities."

Affiliation, Acquisition, Disposition and Disaffiliation Activities

The System evaluates prospective merger, affiliation and acquisition candidates as opportunities arise. Also, the System evaluates prospective closures, downsizing, changes of use, dispositions and disaffiliations where strategic and market conditions warrant. Negotiations and discussions are conducted from time to time regarding these matters and it is likely that entities will join the System and/or the Obligated Group in the future. HSC, as Obligated Group Agent, retains the right to approve the entry in or withdrawal from the Obligated Group, subject to compliance with the terms of the Master Indenture and agreements among Obligated Group Members.

PriMed Asset Acquisition

NEMG and HSC anticipate closing on the acquisition of certain assets of PriMed, LLC ("PriMed"), a physician practice, on or around June 1, 2014. PriMed is a multi-specialty group of approximately 120 providers in 36 locations across Fairfield County and New Haven County, Connecticut. PriMed also is the sole member of a gastroenterology surgery center, the Fairfield County Endoscopy Center, and offers a number of ancillary services such as a sleep laboratory, cardiac diagnostic testing, physical therapy and nutritional counseling. PriMed participates in both CMS's Advance Payment and Shared Savings ACO models. Under the terms of the transaction, NEMG and the System will acquire substantially all the assets of PriMed and a 40% interest in the gastroenterology surgery center, at a price determined consistent with the opinion of a third party valuation consultant. Following the closing of the acquisition, NEMG will file a certificate of need application with the appropriate State agency to acquire the remaining 60% of the gastroenterology surgery center.

All of the non-physician employees of PriMed will become employees of NEMG, and NEMG will enter into a 10-year exclusive professional services agreement ("PSA") with PriMed. Under the PSA, PriMed physicians will staff on a full-time basis, the former PriMed locations acquired through the asset purchase, and other mutually agreed upon locations. PriMed will be paid for physician services pursuant to a compensation plan that includes both base and incentive compensation components including incentives for clinical productivity, patient panel size, achievement of quality metrics and patient satisfaction. The total compensation payable to PriMed under the compensation plan in the PSA will be consistent with fair market value based on an opinion of the third party valuation consultant. PriMed will be subject to a covenant not to compete during the term of the PSA and for a period of two years following its expiration or termination, and each of the individual physicians will be similarly bound for a period of two years following their departure from PriMed.

Tenet Strategic Alliance

As of February 12, 2014, HSC entered into a strategic alliance agreement (the "Strategic Alliance Agreement") with Tenet Healthcare Corporation ("Tenet"), a publicly traded Nevada for-profit corporation. The purpose of the Strategic Alliance Agreement is to establish two related organizations: (i) a regional integrated provider network organization (the "Regional Provider Organization") to endeavor to establish a network of community hospitals in Connecticut, New York, Rhode Island, and parts of Massachusetts (the "Geographic Service Area"); and (ii) a risk organization (the "Risk Organization") to endeavor to enter into risk contracts with payers on behalf of HSC, other members of the System, and providers owned by the Regional Provider Organization, as well as potentially other, non-affiliated providers.

The consummation of the transactions contemplated by the Strategic Alliance Agreement is subject to numerous contingencies and conditions, including regulatory approvals. There can be no assurance that the transactions contemplated by the Strategic Alliance Agreement will be consummated on the terms set forth by the Strategic Alliance Agreement or at all.

Regional Provider Organization. The Strategic Alliance Agreement contemplates that HSC and Tenet will establish the Regional Provider Organization as the exclusive vehicle, subject to certain exceptions, of HSC and Tenet for the acquisition of any ownership interest in any healthcare facility and provider in the Geographic Service Area. The Regional Provider Organization will be a holding company for directly or indirectly owned subsidiary for-profit business entities that will be established for the purpose of purchasing, owning and operating healthcare facilities and providers. The Members of the Obligated Group would not be controlled by the Regional Provider Organization and would remain independent not-for-profit organizations controlled solely by HSC.

Tenet will own an 80% membership interest and HSC will own a 20% membership interest in the Regional Provider Organization.

The day-to-day operations of each subsidiary of the Regional Provider will be managed by a subsidiary of Tenet pursuant to a management services agreement.

The Strategic Alliance Agreement provides that, for as long as HSC is a member of the Regional Provider Organization, HSC may not acquire, own, manage or operate any licensed hospital or other healthcare facility within the Geographic Service Area other than through the Regional Provider Organization, with certain exceptions. One exception is for not-for-profit hospitals and healthcare facilities that do not elect to convert to for-profit status in order to become a subsidiary of the Regional Provider Organization. Another exception is that no healthcare facility that HSC owns, manages or operates as of the date of the Strategic Alliance Agreement will become a subsidiary of the Regional Provider Organization.

Except pursuant to certain agreed-on purchase and sale options described in the Strategic Alliance Agreement, HSC may not withdraw or resign from the Regional Provider Organization, or demand or receive a return of its capital contribution, without the consent of and except on the terms approved by Tenet.

Risk Organization. The Strategic Alliance Agreement contemplates that HSC and Tenet will effectuate all risk and gain-sharing agreements entered into by them or providers owned by the Regional Provider Organization in the Geographic Services Area through the Risk Organization. The Risk Organization also may include other, non-affiliated providers with which HSC and Tenet clinically integrate. The purpose of the Risk Organization is to manage increasing levels of risk of enrolled patient populations at participating locations within the Geographic Service Area, including managing such risk contracts with Medicare, Medicaid and other third party payers as maybe able to be negotiated by the Risk Organization.

HSC and Tenet will be required to make cash capital contributions of equal value to the Risk Organization, as established by the budget of the Risk Organization approved annually by Tenet and HSC. Each of HSC and Tenet will have a 50% ownership of the Risk Organization.

The business of the Risk Organization will be predicated and conditioned on participating providers achieving a level of clinical integration that is sufficient to enable the assumption of risk of the cost of all or a portion of the provision of care as well as the opportunity to share in all or a portion of savings against specified benchmarks. There can be no assurance that the participating providers in the Risk Organization will attain such a level of clinical integration.

Except pursuant to certain agreed-on purchase and sale options described in the Strategic Alliance Agreement, HSC may not withdraw or resign from the Risk Organization, or demand or receive a return of its capital contribution, without the consent of and except on the terms approved by Tenet.

If the transactions contemplated by the Strategic Alliance are consummated, none of the Regional Provider Organization, its subsidiaries, the Risk Organization or any other relevant entities established under the terms of the Strategic Alliance Agreement would be members of the Obligated Group and their assets, liabilities and results of operations would not be reflected on the financial statements of HSC.

SELECTED OPERATING INFORMATION

Facilities

Yale-New Haven Hospital – Main Campus Facilities

Yale-New Haven Hospital is located at 20 York Street and 1450 Chapel Street in New Haven, Connecticut and is licensed for 1,541 beds (including 134 bassinets), of which 1,457 are currently in service and staffed.

With regard to the York Street Campus, nearly all facilities have been constructed or renovated since 1953, beginning with the construction in that year of the East Pavilion. In 1973, two floors were added to the East Pavilion and major portions of the East Pavilion were again renovated in 1994 and 1995. The East Pavilion currently has 209 beds in service.

In 1982, Yale-New Haven Hospital built the South Pavilion, which currently has 231 beds in service. The South Pavilion also includes inpatient operating rooms, the Diagnostic Radiology Department and Adult Emergency

Services. In October 2005, a three-year, $54.5 million renovation project in the South Pavilion was completed. Renovations included the adult intensive care units ("ICUs"), adult and pediatric acute care beds, diagnostic and operating room space and an enhancement of public space. Multiple infrastructure and building system upgrades were also completed.

In 1993, YNH Children's Hospital was opened in the West Pavilion. It is currently staffed for 270 inpatient beds, including 92 bassinets, and also houses pediatric operating rooms, the Pediatric Specialty Center, the Pediatric Emergency Department and pediatric diagnostic radiology.

In June 2000, the Yale-New Haven Psychiatric Hospital was established and acquired the assets of the former Yale Psychiatric Institute, which had been operated by YSM. The freestanding psychiatric facility consists of 73 inpatient beds and an electroconvulsive therapy suite. There is also a 15 bed children's inpatient psychiatric unit located in the Winchester Building of the New Haven Pavilion. The facility opened in 1989.

In June 2004, a satellite emergency department ("ED") at the Shoreline Medical Center in Guilford, Connecticut, which is located in space leased by Yale-New Haven Hospital, was opened approximately 10 miles east of the York Street Campus. In addition to the satellite ED, Yale-New Haven Hospital offers laboratory services, diagnostic imaging, and therapeutic radiology at the site. The ED facilities are open and available to the general public 24 hours per day.

The construction of a new 511,000 square foot, 14-story patient-care building known as the Smilow Cancer Hospital was completed in 2010. The Smilow Cancer Hospital is located on the York Street Campus, is directly connected to the West Pavilion and the East Pavilion, and includes (a) 168 beds for inpatient surgical oncology, women's oncology, medical oncology and Medical Intensive Care beds, (b) infusion suites, (c) 12 expanded operating rooms, (d) endoscopy and bronchoscopy rooms, (e) diagnostic radiology services and radiation therapy services, and (f) medical, surgical, pediatrics and women's oncology outpatient facilities. In addition, it has a rooftop Healing Garden and a Family Resource Center. A bridge connects the pediatric oncology clinics with YNH Children's Hospital.

The 112,500 square foot Park Street Building, which is connected to the Smilow Cancer Hospital, was completed in 2009 and includes clinical laboratories, centralized pharmacy, office space, and a loading dock. It was built by a third party developer under a 20-year, extendable lease. Yale-New Haven Hospital has an option to purchase the building commencing in 2015 and at periodic intervals thereafter, as well as a right of first refusal regarding any third-party purchase offers.

To accommodate the increase in patient volume and staff at Yale-New Haven Hospital, a parking garage was constructed in 2009 at 2 Howe Street. The facility comprises a garage with 845 spaces, 53,000 square feet of office space, and a 24 unit extended stay hotel with an additional 24 surface parking spaces. The hotel units accommodate families of patients and support physician and employee recruitment. 2 Howe Street was initially constructed and owned by a third party developer under a lease with Yale-New Haven Hospital until early 2013. Effective in January 2013, Yale-New Haven Hospital purchased the land and a third party investor, Howe Street Landlord, LLC, purchased the improvements thereon, and contemporaneous with such purchases, Yale-New Haven Hospital and Howe Street Landlord, LLC entered into a ground lease and a master lease pursuant to which, respectively, Howe Street Landlord, LLC leases the land from Yale-New Haven Hospital, and Yale-New Haven Hospital leases the improvements from Howe Street Landlord, LLC. Each of the ground lease and the master lease have an aggregate term of 50 years, assuming all applicable renewal rights are exercised.

The Saint Raphael Campus located at 1450 Chapel Street, New Haven comprises approximately 906,000 square feet and an overall building area of 1.4 million square feet. The main campus includes 10 connected and adjacent buildings: (a) the Verdi Building (1976); (b) the Main Building (1941); (c) the Center for Caring Building (1989); (d) the Sister Louise Anthony Building (1988); (e) the Celentano Building (1988); (f) the Private Building (1941); (g) the Whitcomb Building (1955); (h) the McGivney Cancer Care Center (1995); (i) the 330 Orchard Street Medical Office Building(1987); and (j) the Ambulatory Building (2000).

The Saint Raphael Campus also comprises two other main structures. The Selina Lewis Building (1924), with 28,520 square feet, is an administrative office building and the Central Heating and Cooling Plant (1976), with 26,839 square feet, houses the boilers, chillers, cooling towers and emergency diesel generators.

The Saint Raphael Campus is served by two parking garages, the George Street Parking Garage located at 629 George Street, and the Orchard Street Parking Garage located at 323 Orchard Street. The George Street Garage (1976) is 248,698 square feet, including 21,396 square feet of office space and contains 811 spaces. The Orchard Street Parking Garage (1993) is 138,818 square feet and contains 430 spaces in the parking structure and an additional 173 spaces in surface parking surrounding the structure. Further, a number of ancillary properties located off the main campus were part of the SRHS Acquisition. Yale New-Haven Hospital has a five year capital plan to address deferred maintenance issues and several aging infrastructure issues, at the Saint Raphael Campus, that are reaching the end of their useful life. See "Future Capital Needs."

Yale-New Haven Hospital – Off-Site Facilities

In early 2013, renovation of a 120,000 square foot outpatient services center located at 6 Devine Street, North Haven, approximately 10 miles north of the York Street Campus was completed. The cost of the center was approximately $32.0 million, including the building acquisition cost paid in FY 2012. Two of the facility's four floors are occupied by a walk-in clinic, Smilow Cancer Hospital outpatient services, and laboratory and radiology diagnostic services. As community-based clinical programs grow, the center can expand into two additional floors now occupied by HSC technology staff.

Bridgeport Hospital – Main Campus Facilities

Bridgeport Hospital's main campus is located at 267 Grant Street and 226 Mill Hill Avenue, Bridgeport. The Grant Street campus is composed of 12 structures that occupy approximately 12 acres and owned buildings aggregating approximately 950,000 square feet excluding garages. There are three owned parking garages, aggregating approximately 280,000 square feet, on the campus for use by patients, visitors, employees and physicians. Bridgeport Hospital provides a broad range of inpatient, emergency, and outpatient services, including a State-designated Regional Trauma Center, Connecticut's only Burn Center, an adult intensive care center, the Norma F. Pfriem Cancer Institute and Breast Care Center, and the Joel E. Smilow Heart Institute. In addition to the emergency department, Bridgeport Hospital's main campus offers a variety of outpatient services including ambulatory surgery, laboratory, respiratory therapy, physical therapy, wound care, clinic services, industrial medicine, and radiology. YNH Children's Hospital also operates a Level II Newborn Intensive Care Unit at the Bridgeport Hospital's main campus.

Bridgeport Hospital – Off-Site Facilities

In addition to the main campus, Bridgeport Hospital operates several outpatient sites. Services provided include laboratory draw stations, mammography, ultrasound, CT scanning and magnetic resonance imaging ("MRI") units, physical therapy, cardiac testing, cardiac rehabilitation, sleep medicine, antenatal testing, and wellness services.

In July 2008, Bridgeport Hospital opened an urgent care facility in Fairfield, Connecticut, approximately 6.58 miles south of the main campus. The urgent care facility is open and available to the general public 12 hours daily Monday through Friday and nine hours on Saturday and Sunday.

In 2010, Bridgeport Hospital entered into a 17 year operating lease for a 10,500 square foot building, located in Trumbull, Connecticut, approximately 2.70 miles north of the main campus. The outpatient services center includes comprehensive radiation oncology services including a state of the art linear accelerator and brachytherapy. The facility began operations in September 2012 and in 2013 Bridgeport Hospital began offering basic radiology services at the same location.

In July 2013, the Bridgeport Hospital purchased the Robert D. Russo, M.D. and Associates Radiology practice consisting of four offices within the Hospital's primary service area. Each center is equipped with the latest imaging technology available including general and fluoroscopic imaging, mammography, ultrasound, CT scans, MRI

and bone density imaging. The centers are staffed by board-certified radiologists of Yale Diagnostic Radiology, who have sub-specialty training and experience specific to all medical conditions.

In October 2013, Bridgeport Hospital entered into a 25 year lease on Park Avenue in Trumbull with the intent to construct a 120,000 square foot medical complex, with an accompanying 517 space parking garage. The medical complex will contain oncology services, urgent care, diagnostic imaging, rehabilitation therapies, surgical services, laboratory draw stations, breast care and pediatric sub-specialty services. The complex is anticipated to open in March, 2016.

Greenwich Hospital – Main Campus Facilities

Greenwich Hospital's main campus includes the Leona and Harry B. Helmsley Medical Building, a modern medical facility with new technologies and expanded services that replaced the Benedict Building in 1999. The Helmsley Medical Building is an approximately 350,000 square foot medical facility with a general/specialty medical unit, cardiopulmonary unit, general/specialty surgery unit, orthopedic neuroscience unit, women's birthing center, diagnostics center, recovery center, surgery center, emergency center, and restorative services. The Helmsley Medical Building consists of three levels above grade and two levels below grade. The first floor (at grade) includes the entrance lobby, patient and visitor registration, support services and amenities (gift shop), diagnostic center (including radiological and other testing services) and the emergency center. The second floor houses the general and special surgery patient care unit, the orthopedics and neurology patient care unit, the surgery center and the day recovery center. On the third floor are the medical beds (pediatrics, cardiopulmonary, hospice/oncology) and the women's birthing center (labor, delivery and recovery rooms, nursery). The Helmsley Medical Building contains 138 inpatient rooms, sufficient to accommodate 160 patients. The two levels below grade include an underground garage with more than 150 spaces, as well as the cafeteria, laboratory, pharmacy, central sterile supply and other support services. The equipment required in connection with the operation of the Helmsley Medical Building was funded through the Greenwich Hospital's operating cash and fundraising.

The Olive and Thomas J. Watson, Jr. Pavilion (the "Watson Pavilion") is immediately adjacent to the Helmsley Medical Building. The Watson Pavilion was opened during the fall of 2005 and consists of a total of approximately 250,000 square feet. The Watson Pavilion offers the latest in technology, including inpatient and outpatient pediatric services. It houses inpatient beds, ambulatory services, pediatric services, physical therapy, outpatient clinics, administrative offices, conference rooms and center. The total cost of the Watson Pavilion was approximately $101.1 million which was funded entirely through gifts and operating cash flow. Greenwich Hospital's fundraising campaign for the Watson Pavilion raised $97.1 million. In addition, $4 million of hospital equity was used, including gifts from community members, physicians, dentists, corporations, Families for Greenwich Hospital and the Hospital Auxiliary.

Greenwich Hospital - Off-Site Facilities

In addition to the facilities at Greenwich Hospital's main campus, the Hospital has occupied since 2002 a 36,000-square-foot building at 55 Holly Hill Lane, Greenwich owned by its affiliate, The Perryridge Corporation. The Holly Hill Lane building houses physician offices, an in vitro fertilization center, Greenwich Hospital's cardiology practice, administrative spaces and the Leona M. and Harry B. Helmsley Ambulatory Surgical Center. Greenwich Hospital also has occupied since October 2004 an approximately 25,000 square foot building at 2015 West Main Street, Stamford, Connecticut owned by its affiliate 2015 West Main Street Associates, LLC. The building houses a diagnostic center providing services including general x-ray, screening mammography, bone density screening, ultrasound, CT scanning and magnetic resonance imaging ("MRI") units, a physical therapy outpatient satellite location, physician offices and laboratory support spaces. Greenwich Hospital's off-site facilities also include at the Greenwich Hospital campus, a program of the Smilow Cancer Hospital, which is located across the street from the main campus, which site also houses a home hospice program and gastroenterology and endoscopy services.

Services

The System's hospitals provide a comprehensive range of inpatient and outpatient services and programs as well as highly specialized tertiary and quaternary care for adults and children including: Clinical Chemistry, Hematology, Immunology and Microbiology Laboratories, Diagnostic Radiology, including Interventional Radiology

and Therapeutic Radiology; Endocrinology, Gastroenterology, Hematology, Interventional and Non-Interventional Cardiology, Pulmonology, Oncology, Nephrology, Liver Disease, Dermatology, Rheumatology, Occupational Medicine, Immunology, Infectious Disease, Fetal Diagnostic and Genetic Counseling, Neurology, High Risk and Normal Obstetrics, Ophthalmology, Pediatric subspecialties, Psychiatry, Child Psychiatry, Transplantation, Level I Pediatric and Adult Trauma Services, Cardiothoracic Surgery, Orthopaedics, Otolaryngology, Urology, Plastic Surgery, Neurosurgery, General Surgery, Anesthesiology, Surgical and Anatomic Pathology, Geriatric Evaluation, Dentistry, and a Blood Bank.

As reported by *U.S. News & World Report* in 2013, Yale-New Haven Hospital was again ranked among the best hospitals in the country in 15 specialties, including cancer; cardiology and heart surgery; ear, nose and throat; endocrinology; gastroenterology and GI surgery; geriatrics; gynecology; nephrology; psychiatry and pulmonology. Of these, endocrinology ranked among the top 10 in the nation, while cardiology and heart surgery, gastroenterology and GI surgery, geriatrics, gynecology, psychiatry and pulmonology ranked among the top 25 in the nation. Gynecology and psychiatry have been selected and honored for their excellence by *U.S. News & World Report* since 1992. In addition, YNH Children's Hospital was ranked by *U.S News & World Report* in 2013 as among the nation's top pediatric hospitals in five specialties: cancer, diabetes and endocrinology, gastroenterology and GI surgery, pulmonology and urology. Its diabetes and endocrinology program was ranked fourth in the nation in 2013. In 2013 Bridgeport Hospital was ranked as high-performing in geriatrics for the third consecutive year.

The System's hospitals have a history of innovation in patient care, including the following: the first use of chemotherapy in the world, the first use of penicillin in the United States; the development of the world's first neonatal intensive care unit; and the development of the first artificial heart pump model which made open heart surgery possible; the first medical use of x-rays in Connecticut; the first surgery to repair a detached retina in the United States; the first dedicated burn center in Connecticut; the first excimer laser angioplasty in New England; the first fully digital cardiac catheterization lab in Connecticut; the first robotic mitral valve repair in Connecticut; and the first in New England to perform hybrid ablation for atrial fibrillation.

Services of particular note include:

Bariatric Surgery Program. Accredited as a Level 1a facility by the Bariatric Surgery Center Network (BSCN), Yale-New Haven Hospital is the first and currently only hospital in Connecticut that offers three different bariatric surgical treatments for obesity using minimally invasive techniques.

Bone Marrow Transplantation. Yale-New Haven Hospital's joint program between the Departments of Medicine and Pediatrics provides pediatric and adult bone marrow transplants, including allogeneic, as well as the more common autologous bone marrow transplantation.

Burn Center. The Connecticut Burn Center, at Bridgeport Hospital, is the only dedicated burn unit on the east coast between New York and Boston. The Center currently maintains a 10- bed burn unit that is staffed by a team of specially trained professionals.

Chest Pain Center. Nationally accredited as a "Chest Pain Center with PCI" (percutaneous coronary intervention), Yale-New Haven Hospital is Connecticut's only hospital to earn the Cycle III accreditation, the highest designation from the Society of Chest Pain Centers, which reflects the Hospital's expertise and commitment to quality patient care by meeting or exceeding a wide set of stringent criteria.

Child Psychiatry. Supported by the professional resources of the Yale Child Study Center of Yale University, Yale-New Haven Hospital provides a 15-bed inpatient unit which treats the most serious and persistent psychiatric illnesses in children. This unit receives referrals from throughout the State, the northeast region, and from around the country. It has been used as a model for the development of other acute hospital-based units. A partial hospital program is also provided for those children in need of this service when they transition from the inpatient program.

Emergency Services and Trauma Center. Yale-New Haven Hospital houses one of only two Pediatric Level I Trauma Centers in Connecticut and is the regional Level I Adult Trauma Center for southern Connecticut. Level I facilities are equipped to provide the highest level of care, delivered by expert medical and nursing staffs in the

Emergency Department, operating rooms and intensive care units. A helipad located on the roof of YNH Children's Hospital can accommodate two helicopters and provides quick access to trauma services.

Epilepsy Surgery. The Yale-New Haven Hospital Epilepsy Center received a Level 4 status in 2008 and is a member of the National Association of Epilepsy Center. This four-phase program for the evaluation and treatment of patients with medically intractable epilepsy was one of the original seven centers in the nation and remains one of the most comprehensive. The Hospital's dedicated three-bed unit uses sophisticated technology and monitoring equipment to provide services to a wide referral population.

Gamma Knife Center. Yale-New Haven Hospital's Gamma Knife Center offers a non-invasive alternative to traditional brain surgery exclusively designed for the treatment of malignant and benign tumors, vascular abnormalities and trigeminal neuralgia. It is one of the most advanced techniques in the treatment of disorders affecting the brain. In use for more than 50 years, Gamma Knife has been used to treat more than 500,000 patients worldwide and is regarded as the "gold standard" for intracranial stereotactic radiosurgery.

Gastrointestinal Motility Program. The program at Yale-New Haven Hospital is one of the area's most comprehensive programs for the diagnosis and treatment of motility disorders. Patients have access to virtually every available endoscopic and manometric technique, plus some investigational diagnostic and therapeutic procedures not available elsewhere in the northeast region of the United States.

Geriatrics. Founded in 1981, Yale-New Haven Hospital's Dorothy Adler Geriatric Assessment Center is one of the oldest centers for comprehensive geriatric assessment in the country. This unique program provides inter-disciplinary assessment and treatment for the frail elderly as well as psychosocial support and referrals.

Geriatric Emergency Medical Services (GEMS). This program at Bridgeport Hospital includes trained Geriatricians and Advanced Practice Registered Nurses working in the Emergency Department to specifically treat and evaluate geriatric patients who present to the Emergency Department with acute and chronic conditions. It is the only dedicated GEMS program in Connecticut.

Heart and Vascular Center. Recognized as among the best in the country in 2013 by *U.S. News and World Report*, and regularly recognized among the top 100 U.S. hospitals for cardiac care in national studies conducted by Thomson Reuters, Yale-New Haven Hospital's Heart and Vascular Center offers comprehensive clinical cardiovascular services at state-of-the-art facilities. Modern and comfortable facilities include adult and pediatric cardiac operating suites, interventional laboratories, rhythm management facilities, and rooms for advanced imaging services (nuclear, Computed Tomography and Magnetic Resonance Imaging).

Neonatal Intensive Care Unit. The largest Level III neonatal nursery in Connecticut, Yale-New Haven Hospital's Neonatal Intensive Care Unit, a part of YNH's Children's Hospital, treats approximately 1,500 babies annually. In addition, this nursery is the only one in Connecticut performing extra corporeal membrane oxygenation (ECMO) on newborns with life-threatening heart and lung problems.

Organ Transplantation Services. Yale New Haven Hospital's Organ Transplantation Service includes solid organ transplant programs in heart, kidney, liver and pancreas as well as skin and corneal transplants. In addition, the Hospital is authorized to provide ventricular assist devices to heart transplant patients who require mechanical support while waiting for an available organ.

Pediatric Services. YNH Children's Hospital, with campuses in New Haven and Bridgeport, offers advanced approaches to pediatric care, innovative research and community outreach and advocacy. The Hospital's specialty programs are nationally recognized for the exceptional care it provides to thousands of children each year in a comprehensive range of clinical specialties.

Stroke Center. Certified as a Primary Stroke Center by the Joint Commission and by the Connecticut Department of Public Health, Yale-New Haven Hospital offers comprehensive and multidisciplinary services to patients with an acute stroke. The Stroke Center opened the State's first Telestroke program in 2008, serving outlying community hospitals assisting in the evaluation, diagnosis and treatment of acute stroke.

In addition to the tertiary and quaternary care services described above, Yale-New Haven Hospital has established numerous innovative patient care programs, including those described below.

*The AIDS Care Program***.** The AIDS Care Program was established in 1984 in response to the increasing number of individuals being treated for HIV/AIDS at Yale-New Haven Hospital. The program provides comprehensive care to adults, adolescents and children living with HIV/AIDS and their families and significant others. The scope of services includes outreach, testing, counseling, outpatient and inpatient clinical care, clinical research trials and community support. The AIDS Care Program is staffed by a multidisciplinary team of health care providers, nurses, HIV counselors, social workers and clinical researchers. The SRHS Acquisition significantly increased the services Yale-New Haven Hospital provides to the community in the area of HIV/AIDS care. Both the York Street Campus and the Saint Raphael Campus operate clinics which serve the needs of HIV/AIDS patients. In FY 2013, on a combined basis, the clinics followed approximately 1,565 patients with a total of more than 13,000 visits.

Sickle Cell Program. Yale-New Haven Hospital's Sickle Cell Programs provides comprehensive medical care which includes pain management, psychosocial counseling, and education for the patient, family members, and the community at large. The program assists patients with access to community resources such as medical transportation, medication programs which help to purchase needed medicines at reduced costs, and referrals to community resources. As part of the program's goal to improve patient satisfaction and the overall quality of care each individual receives at Yale-New Haven Hospital, a Sickle Cell Quality Council has been established, which includes two persons living with sickle cell disease as part of the panel. The Sickle Cell team transitions Sickle Cell patients from pediatric care to adult care by using the family centered care model approach.

Stamp Out Stroke (SOS) Program. SOS is a community outreach initiative to increase stroke awareness. Sponsored by the Yale-New Haven Hospital Primary Stroke Center since 2005, nurse volunteers conduct health screenings and educate people on risk factors and warning signs of stroke at local events each year. The SOS team reaches out to more than 400 community participants who attend health fairs and other social events.

Women, Infants and Children Program (WIC). Yale-New Haven Hospital operates the largest WIC site in New Haven. In FY 2013, the Yale-New Haven Hospital's WIC programs at the York Street Campus and the Saint Raphael Campus on a combined basis served approximately 5,400 participants through approximately 25,000 visits. Beyond distributing food vouchers, the WIC staff reaches out into the community to provide nutritional counseling, breastfeeding education, infant formula and food for pregnant and postpartum women, infants and children who are at nutritional risk.

Partners in Education. The Partners in Education program provides students, kindergarten through grade 12, with health education and promotion, unique learning and mentoring experiences, internships and career exploration, and volunteer service opportunities. The programs help expose students, many of whom are minorities and under-represented in the health care field, to careers in health care while providing them with enhanced learning experiences that demonstrate the relevance of classroom learning to skills needed in the workplace. Programs assist students in making informed educational and career choices and help prepare students for the workplace while reinforcing their classroom learning. In addition, in FY 2013, 595 youth volunteers dedicated over 24,369 hours in volunteer service programs. Yale-New Haven Hospital operates eight school-based health centers that received 11,366 student visits during FY 2013.

Smilow Cancer Hospital at Yale-New Haven Hospital. The Smilow Cancer Hospital ("Smilow") treats more cancer patients than any other hospital in Connecticut. A team from one of Smilow's 12 cancer programs is available to discuss each patient's diagnosis and therapy options. Program teams include: the Brain Tumor Program, Breast Cancer Program, Endocrine Program, Gastrointestinal Cancers Program, Gynecologic Cancers Program, Head and Neck Cancers Program, Hematology Program, Melanoma Program, Pediatric Oncology Program, Prostate and Urologic Cancers Program, Sarcoma Program and Thoracic Oncology Program. The Cardio-Oncology program at Smilow is a combined inpatient and outpatient consultative service that addresses the cardiovascular complications of cancer and its treatment. The program was launched in response to emerging data that indicates that newly developed drugs for cancer treatment are having unanticipated side effects. Drugs such as Herceptin, which is very effective in the treatment of breast cancer, can have cardio-toxic side effects that are just beginning to be understood and researched. Led by cardiologists with expertise in cardiac imaging, cardio-oncology team members work closely with

Smilow oncologists to ensure patients can continue essential cancer treatment while maximizing the protection of their hearts.

Accreditation and Licenses

Each of the System's hospitals is licensed by the Department of Public Health of the State as a general hospital, certified by the United States Department of Health and Human Services for participation in the Medicare and Medicaid Programs and is accredited by the Joint Commission (formerly "JCAHO") with three year accreditation expiring as set forth below.

- Yale-New Haven Hospital: 2017
- Bridgeport Hospital: 2017
- Greenwich Hospital: 2014

Greenwich Hospital and Yale-New Haven Hospital are also licensed by the United States Nuclear Regulatory Commission.

Educational Programs

The System's hospitals provide training for residents and clinical fellows and serve as the primary clinical sites for medical students at YSM. The following medical programs that are provided at one or more of the System's hospitals are accredited by the Accreditation Council on Graduate Medical Education or by the appropriate American Board of Medical Certification (designated by *, below):

[Remainder of page intentionally left blank.]

Program	Department
Anesthesiology	Anesthesiology
Pediatric Anesthesiology	Anesthesiology
Adult Cardiothoracic Anesthesiology	Anesthesiology
Dermatology	Dermatology
Dermatopathology	Dermatology
Procedural Dermatology	Dermatology
Diagnostic Radiology	Diagnostic Radiology
Neuroradiology	Diagnostic Radiology
Nuclear Medicine	Diagnostic Radiology
Nuclear Radiology	Diagnostic Radiology
Vascular/Interventional Radiology	Diagnostic Radiology
Pediatric Radiology	Diagnostic Radiology
Emergency Medicine	Emergency Medicine
Internal Medicine- Primary Care	Internal Medicine
Internal Medicine- Traditional	Internal Medicine
Medicine and Pediatrics	Internal Medicine
Allergy and Immunology	Internal Medicine
Cardiovascular	Internal Medicine
Cardiology-Interventional	Internal Medicine
Clinical Cardiac Electrophysiology	Internal Medicine
Endocrinology, Diabetes and Metabolism	Internal Medicine
Gastroenterology	Internal Medicine
Geriatrics	Internal Medicine
Hematology – Oncology	Internal Medicine
Infectious Diseases	Internal Medicine
Nephrology	Internal Medicine
Preventive Medicine	Internal Medicine
Pulmonary and Critical Care	Internal Medicine
Rheumatology	Internal Medicine
Transplant Hepatology	Internal Medicine
Sleep Medicine	Internal Medicine
Medical Genetics	Medical Genetics
Neurology	Neurology
Neuromuscular Medicine	Neurology
Neurosurgery	Neurosurgery
Obstetrics and Gynecology	Obstetrics and Gynecology
Gynecologic Oncology*	Obstetrics and Gynecology
Maternal-Fetal Medicine*	Obstetrics and Gynecology
Reproductive Endocrinology /Infertility*	Obstetrics and Gynecology
Female Pelvic Medicine & Reconstructive Surgery*	Obstetrics and Gynecology
Orthopaedic Surgery	Orthopaedic Surgery
Podiatry*	Orthopaedic Surgery
Anatomic/Clinical Pathology	Pathology
Cytopathology	Pathology
Hematopathology	Pathology
Medical Microbiology	Pathology
Selective Pathology (GI)	Pathology
Blood Banking Transfusion Medicine	Pathology
Molecular & Genetic Pathology	Pathology
Pediatrics	Pediatrics
Medicine/Pediatrics	Pediatrics
Developmental – Behavioral	Pediatrics
Neonatal-Perinatal Medicine	Pediatrics
Pediatric Cardiology	Pediatrics
Pediatric Critical Care	Pediatrics
Pediatric Emergency Medicine	Pediatrics
Pediatric Endocrinology	Pediatrics
Pediatric Hematology-Oncology	Pediatrics
Pediatric Infectious Diseases	Pediatrics
Pediatric Nephrology	Pediatrics
Pediatric Pulmonology	Pediatrics
Pediatrics Gastroenterology	Pediatrics
Psychiatry	Psychiatry
Addiction Psychiatry	Psychiatry
Child/Adolescent	Psychiatry
Forensic Psychiatry	Psychiatry
Geriatric Psychiatry	Psychiatry
Psychosomatic Medicine	Psychiatry
Combined Adult/Child & Adolescent*	Psychiatry
General Surgery	Surgery
Cardiothoracic Surgery	Surgery
Otolaryngology	Surgery
Pediatric Surgery	Surgery
Plastic Surgery – Integrated	Surgery
Plastic Surgery / Hand	Surgery
Surgical Critical Care	Surgery
Transplant Surgery	Surgery
Urology	Surgery
Vascular Surgery	Surgery
Vascular Surgery/Residency	Surgery
Dentistry*	Surgery
Pediatric Dentistry*	Surgery
Oral Maxillo-Facial Surgery*	Surgery
Radiology Oncology	Therapeutic Radiology

Medical Staff

Yale-New Haven Hospital

Yale New-Haven Hospital's medical staff is organized into 19 major departments each with a full-time Chief of Service. With the exception of Dentistry, which does not have an analogous department at YSM, each Chief of Service also serves as the Chairman of the parallel department at YSM.

As depicted in the following tables, as of May 2014, the medical staff, including those staff formerly with the Hospital of Saint Raphael, is composed of approximately 3,851 members, of whom 1,910 are YSM-based (and full-time faculty) and 1,941 are community based (many of whom are voluntary faculty).

Rank	Total	University	Community	Other
Affiliated	788	439	348	1
Affiliated B[1]	57	-	57	-
Associate	155	104	51	-
Attending	1,966	1,070	896	-
Courtesy	107	4	103	-
Fellow	449	161	2	286
Pedi Network Refer & Follow	11	-	11	-
Pedi Network Associate	6	-	6	-
Pedi Network Attending	167	-	167	-
Refer & Follow Associate	9	-	9	-
Refer & Follow Attending	127	7	120	-
Visiting	89	19	70	-
Total	3,931	1,804	1,840	287

[1] This category covers mid-level practitioners who are only privileged to work at YNH Children's Hospital at Bridgeport Hospital.

Bridgeport Hospital

Bridgeport Hospital's medical staff is organized into nine clinical departments (Medicine, Surgery, Pediatrics, Obstetrics and Gynecology, Emergency Medicine, Psychiatry, Anesthesiology, Pathology and Radiology), and within these departments, into sections that provide specialized care. Each clinical department is led by departmental chairmen, six of whom are full-time and employed by Bridgeport Hospital or NEMG. The other three chairs (Anesthesiology, Radiology and Pathology) are in private or faculty practice and chair the hospital-based departments.

As depicted in the following table, as of May 2014, the medical staff is composed of approximately 895 members, including 751 active members, of whom 213 are YSM based (and full-time faculty) and 538 are community-based.

Rank	Total	University	Community
Active	751	213	538
Active	5	0	5
Courtesy	122	0	122
Consulting	17	5	12
Total	895	218	677

Greenwich Hospital

Greenwich Hospital's medical staff is organized into 10 clinical departments (Medicine, Surgery, Pediatrics, Obstetrics and Gynecology, Orthopaedics, Emergency Medicine, Psychiatry, Anesthesiology, Pathology and Radiology), and within these departments, into sections that provide specialized care. Each clinical department is led by a departmental director, with section heads for the subspecialties.

As depicted in the following table (as of April 2014), Greenwich Hospital's medical staff was composed of approximately 593 members, including 389 active members.

Rank	Total
Active	389
Affiliate	179
Per Diem	16
Adjunct	1
Emeritus	8
Total	593

Utilization

A summary of historical utilization data for the five months ended February 28, 2014 and 2013 and for the Fiscal Years ending September 30, 2011, 2012 and 2013 for the System is presented in the following table. The FY 2012 data includes the number of licensed beds and beds in service as of September 30, 2012 and therefore includes the results of the SRHS Acquisition. The other data reflects data for the Saint Raphael Campus only after the SRHS Acquisition on September 12, 2012. The Occupancy Rate and FTEs per Adjusted Occupied includes data for the Hospital of Saint Raphael on a pro-rata basis since the SRHS Acquisition.

Unless specifically noted otherwise, the utilization and financial data presented within this Appendix A represents total System information, including data for Greenwich Hospital and NEMG PLLC which are not Members of the Obligated Group. Below is a table with utilization data for YNHHS as a whole (the "System Table"). The System does not compile data for each of the categories listed in the System Table for the Obligated Group alone; however, selected utilization data has been compiled for the Obligated Group alone and appears in the second table below. If data were compiled for all other categories appearing in the System Table for the Obligated Group alone, HSC does not believe that the figures shown in the System Table for such additional categories would be materially different.

YNHHS Utilization Data

	Five Months Ended February 28,		Years Ended September 30,		
	2014	2013	2013	2012	2011
# of Licensed Beds	2,130	2,130	2,130	2,130	1,597
# of Beds in Service	1,874	1,865	1,862	1,905	1,440
Admissions	44,984	46,370	111,396	93,923	89,998
Inpatient Days	243,902	241,73	577,680	464,679	457,733
Average Length of Stay	5.42	5.21	5.19	5.06	5.09
Occupancy Rate (based on acute beds in service)	86%	86%	85%	84%	87%
Outpatient Encounters	567,204	508,233	1,299,911	1,042,975	1,015,132
Emergency Encounters	104,102	107,778	266,233	222,192	213,717
Inpatient Surgeries	14,201	13,054	32,784	26,991	25,825
Ambulatory Surgeries	23,623	23,553	59,051	48,001	43,056
Medicare Case Mix Index	1.75	1.65	1.69	1.68	1.65
Hospital Wide Case Mix Index	1.44	1.37	1.42	1.34	1.33
FTEs per Adjusted Occupied Bed	11.6	12.4	12.0	12.6	12.4

Obligated Group Selected Utilization Data*

	Five Months Ended February 28,		Years Ended September 30,		
	2014	2013	2013	2012	2011
# of Licensed Beds	1,924	1,924	1,924	1,924	1,391
# of Beds in Service	1,732	1,719	1,720	1,763	1,296
Admissions	40,238	41,205	98,957	80,896	76,509
Inpatient Days	222,009	219,634	525,716	40,760	405,084
Outpatient Encounters	467,364	404,550	1,049,083	698,801	651,314
Emergency Encounters	90,924	93,130	231,137	186,625	178,547
Inpatient Surgeries	13,122	12,040	30,447	24,631	23,217
Ambulatory Surgeries	19,159	19,178	48,302	37,475	36,517

* Includes data for NEMG PLLC, which is not a Member of the Obligated Group; HSC believes that if such data were excluded, such excluded data would not have a material effect on the information presented.

Management's Discussion of Utilization

As a result of the SRHS Acquisition and numerous physician faculty recruits and new and expanded clinical programs and services, the System has experienced growth in both outpatient and inpatient volume over the last three years. Between Fiscal Years 2011 and 2013, the System's outpatient encounters grew by 284,779 or 28.1% and inpatient admissions grew by 21,398 or 23.8% (see "Annual Utilization Statistics"). The large increase in admissions has resulted in an increase in the average daily census from 1,254.1 in FY 2011 to 1,582.7 in FY 2013. During that same time, the System's statewide inpatient share increased from 21.4% in FY 2011 to 27.3% in FY 2013. In particular, its oncology share grew from 27.3% to 33.1%, its pediatrics share grew from 35.5% to 40.6%, its cardiovascular share grew from 20.0% to 26.3%, and its gynecology share grew from 27.0% to 33.7%. See in the "SERVICE AREA, SERVICE SHARE INFORMATION AND STRATEGY - Service Share" herein.

The growth in volume and share is related to several factors. Over the past several years, the System has recruited numerous clinical faculty physician leaders whose specialized capabilities, expertise, and advanced skills have expanded the clinical services available at the System's hospitals. Many of the recently recruited physicians are national experts in their specialties. In addition, the System's hospitals offers many specialized and novel services that are not offered at the same level of expertise elsewhere in the State, or in some cases are not offered at all.

HSC believes that the System's volume also has increased due to its new 24/7 "Y Access Line," which facilitates the direct admission and inter-facility transfer of acutely ill patients from physician offices, smaller community hospitals, and other healthcare facilities to Yale-New Haven Hospital for tertiary levels of care. The program, which began in August 2010, addresses the need for patients to be admitted or transferred in an efficient and timely manner and provides referring physicians with ongoing access and communication regarding their patient's conditions. Most patients referred through the Y Access Line are high acuity and unable to be treated elsewhere for a variety of reasons.

Payor Mix

The major portion of revenue received by the System is derived from third-party payors. The System's hospitals are providers under the Medicare and Medicaid programs and receives payments from Anthem Blue Cross ("Blue Cross") and other commercial insurance and managed care companies. The following tables show for the System as a whole and for the Obligated Group alone, the percentage distribution of net revenue by payor source for the five months ended February 28, 2014 and 2013 for each of the three Fiscal Years ended September 30, 2011, 2012 and 2013, including the portion attributable to the SRHS Acquisition for the period since closing of such acquisition in September 2012.

YNHHS Payor Mix

	Five Months Ended February 28,		Years Ended September 30,		
	2014	2013	2013	2012	2011
Medicare (includes Medicare Managed Care)	33.5%	31.4%	32.7%	28.8%	29.7%
Medicaid (includes Medicaid Managed Care)	11.9	13.1	13.0	13.3	13.3
Blue Cross Managed Care	24.2	25.8	24.4	24.2	22.7
Other Managed Care	26.0	25.0	24.7	26.1	26.2
Commercial	3.7	3.9	4.2	3.8	5.4
Self Pay & Other	0.7	0.8	1.0	3.8	2.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Obligated Group Payor Mix*

	Five Months Ended February 28,		Years Ended September 30,		
	2014	2013	2013	2012	2011
Medicare (includes Medicare Managed Care)	33.9%	31.7%	33.3%	28.9%	30.1%
Medicaid (includes Medicaid Managed Care)	12.7	14.3	14.1	14.9	15.2
Blue Cross Managed Care	24.1	26.2	24.6	24.4	22.7
Other Managed Care	24.5	23.4	23.0	23.9	23.7
Commercial	3.4	3.5	3.7	4.1	4.6
Self Pay & Other	1.4	0.9	1.3	3.8	3.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* Includes data for NEMG PLLC, which is not a Member of the Obligated Group; HSC believes that if such data were excluded, such excluded data would not have a material effect on the information presented.

All revenue, statistics and reimbursement information represent historical data and may not be indicative of future activity. HSC cannot assess or predict the ultimate effect on System operations that may result from existing or future reimbursement legislation or regulations.

Impact of Federal Healthcare Reform and State Budget Cuts

The System cannot predict accurately all of the impacts of federal healthcare reform legislation, and significant portions of the legislation are scheduled to be phased in over the next decade. However, certain specific reductions in future Medicare payments and reimbursement rates are expected. See the front portion of this Official Statement under the headings "BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY – Federal and State Budget Cuts," "- Health Care Reform," and "- Patient Service Revenues - The Medicare Program."

In FY 2014, Medicare rates were reduced by 1.8%; the Affordable Care Act (the "ACA") required the base Medicare "market basket" adjustment be cut by 0.8% in comparison to the rates previously in effect, in addition to a

0.8% reduction for a retrospective coding adjustment and a 0.2% reduction applicable to the 2-midnight rule. The market basket of 2.5%, reduced by the 1.8%, resulted in a final rate adjustment of 0.7% for FY 2014.

In FY 2015, Medicare rates are expected to be reduced by 1.4%; the ACA requires that the base Medicare "market basket" adjustment be cut by 0.6% in comparison to the rates previously in effect, in addition to a 0.8% reduction for a retrospective coding adjustment. With the market basket of 2.7%, reduced by the 1.4%, the expected final rate adjustment for FY 2015 is 1.3%.

In FY 2014, Medicare pay for performance measurements resulted in a 0.5% reduction for readmissions and a 0.2% increase for value based purchasing.

In FY 2015, Medicare pay for performance measurements are estimated at a 0.1% reduction for readmissions, a 0.2% increase for value based purchasing, and a 0.9% reduction for hospital acquired conditions based on the proxy data published in the Inpatient Prospective Payment System (IPPS) proposed rule.

In addition, while the System cannot predict accurately all of the impacts that could result from State budget cuts, State budget reductions are expected to affect System reimbursement in the future.

See the front portion of this Official Statement under the heading "BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY – Federal and State Budget Cuts."

Managed Care

The System negotiates managed care payer contracts that represent approximately $1.4 billion of annual managed care revenues. These contracts are negotiated to reflect current trends within the managed care industry and reflect the gradual evolution from "fee for service" approaches to "value-based", population health agreements. The five largest payer agreements, accounting for approximately 90% of managed care revenues of the System are with Anthem Blue Cross and Blue Shield (Wellpoint), Connecticare (Emblem Health), Aetna, Cigna, and United Healthcare. These agreements include participation provisions for both commercial and Medicare Advantage products, with the exception of Yale-New Haven Hospital's agreement with United Healthcare which includes participation provisions for commercial products only. The majority of the contractual agreements now include pay for performance provisions to assure the delivery of high quality, cost effective services. Agreements typically run for one to three years, depending upon the participation terms, contractual increases, and performance commitments. Reimbursement components are unique to the types of service provided and the risks associated with each. Terms may include per day payments, per case payments, global physician and hospital payments (transplants), as well as percentage of charge reimbursement. Multiple carve-out provisions have been negotiated to protect the risks associated with certain types of services, including burns, high cost pharmaceuticals, implants, and catastrophic cases. Consistent with strong reimbursement components are contractual language inclusions which protect the health system from inappropriate denials of care, claims processing delays, and membership confusion. These language provisions are very important to the health system in assuring participation in new health care products, such as public and private health exchanges, as well as preparing for eventual payer strategies around tiering and limited provider networks. There can be no assurance that it will be able to negotiate rate increases or term improvements in managed care contracts in the future. As a result of national healthcare reform and economic pressures on managed care payers, it is likely that the managed care contracting environment will become more difficult in the future.

Human Resources and Employee Relations

As of May 1, 2014, the System had 15,960.7 full-time equivalent ("FTE") employees, of which 3,552 were registered nurses ("RNs"), and a total headcount of approximately 19,694 employees, of which 4,704 were RNs.

The System has a compensation philosophy of paying competitive market wage rates on a total compensation basis. Further, all employees share in the opportunity to achieve incentive compensation based upon organizational performance goals tied to operating strategy. The compensation and benefit programs of the System's hospitals are benchmarked with other institutions in the labor market and deemed to be competitive. In addition, each provides a

comprehensive benefit program that covers employees and their dependents, as well as other incentives to attract and retain a competent and effective workforce.

The Yale-New Haven Hospital workforce includes a bargaining unit of approximately 200 cafeteria staff represented by a division of the Service Employees International Union, New England Health Care Employees Union, District 1199. This contract, which expired on December 31, 2013, has been extended by mutual agreement between the Hospital and the bargaining unit. Other workers covered by a collective bargaining agreement are approximately 990 service, clerical and skilled maintenance employees at the Saint Raphael Campus of Yale-New Haven Hospital and the Grimes Center, who are represented by the International Brotherhood of Teamsters Local 443. This contract is scheduled to expire on September 12, 2015.

The System's hospitals have been recognized as employers of choice by several national, regional and local organizations for its outstanding workplace and employee relations practices. In 2013, Bridgeport Hospital was listed by Becker's Hospital Review among *100 Great Places to Work,* and Yale-New Haven Hospital was recognized by the National Association of Female Executives as a *Top Ten Nonprofit Company* for executive women. Yale-New Haven Hospital's nursing staff received Magnet recognition by the American Nursing Credentialing Center for nursing excellence and quality patient outcomes.

Investments

The System's endowment and operating funds (excluding operating cash) are invested in units of the Yale New Haven Health System Investment Trust (the "Trust"). The Trust comprises two pools: the Long-Term Investment Pool (the "L-TIP") and the Intermediate-Term Investment Pool (the "I-TIP"). The Trust is managed by System employees (the "Investment Manager") and governance of the Trust is performed by the System Investment Committee. The Trust was established on January 1, 2010, at which time assets were transferred from the System's hospitals to the Trust in exchange for units of the Trust. Under the terms of the Trust, all System non-profit entities may invest. Pension assets are not permitted. As of September 30, 2013, the units in the Trust were valued at $1,047.6 million, with $781.1 million in the L-TIP and $266.5 million in the I-TIP, and with $1,036 million of the aggregate amount allocable to Members of the Obligated Group.

The L-TIP is a diversified portfolio across multiple managers and asset classes and is structured in a manner that emphasizes long term investment strategy. The L-TIP invests in marketable and non-marketable or illiquid investments and utilizes multiple investment managers, some of which utilize a multi-strategy investment process. One manager, the Yale University Endowment Fund, had responsibility for approximately 52% of the Trust's value at September 30, 2013; this manager's responsibility for management of the Trust is expected to increase to approximately 61% commencing in July 2014. All investment managers generally require notice to withdraw all or a portion of the Trust's investment. At September 30, 2013, approximately 98% of the L-TIP and 100% of the I-TIP can be withdrawn within a notice period of 365 days.

The I-TIP invests with multiple managers within the fixed income asset class in order to achieve its investment objectives of providing support for capital projects and additional liquidity for participants. The I-TIP invests in marketable investments and maintains a short duration investment horizon. I-TIP funds can be withdrawn from the Trust on a quarterly basis with 30 days' notice or, with the approval of the Investment Manager, monthly.

Certain of the L-TIP investments are made through alternative investments, which include investments in limited partnerships and limited liability companies. These investments provide the Trust with a proportionate share of the entities' gains and losses. The Investment Manager reviews and evaluates the valuations received from third parties. Fair value is the estimated net realizable value of the holdings priced at quoted market value (where market quotations are available) or other estimates including appraisals. Annually the change in fair value and any realized gains or losses on amounts liquidated are included in investment income.

As alternative investments generally are not marketable and many alternative investments have underlying investments which do not have quoted market values, the estimated value is subject to uncertainty and could differ had a ready market existed. Such differences could be material. While those investments contain varying degrees of risk, the Trust's risk is limited to its capital investment in each investment and existing capital call commitments.

The System's ability to generate investment income is dependent on market conditions and the composition of the L-TIP and I-TIP. The value of its investments has fluctuated significantly from time to time and will fluctuate in the future depending on the value of the underlying securities. Changes in the level of investment earnings or investment losses may affect the overall financial condition of the System.

Liquidity

The following table sets forth the cash and the estimated fair value of the investments of the Obligated Group as of February 28, 2014 and September 30, 2013, 2012 and 2011.

Cash and Investments[1]
(in thousands)

	February 28, 2014 (unaudited)	September 30, 2013	2012	2011
Unrestricted Cash and Investments	$ 67,797	$ 101,057	$ 92,517	$113,412
Short-Term Investments [2]	842,433	780,906	697,149	479,634
Subtotal:	910,230	881,963	789,666	593,046
Long-Term Investments [3]	292,804	278,662	223,186	205,148
Assets Limited to Use	86,765	84,095	105,688	136,888
Total Cash and Investments	$1,289,799	$1,244,720	$1,118,540	$935,082
Days Cash on Hand	147	141	167	166

[1] Includes data for NEMG PLLC, which is not a Member of the Obligated Group; HSC believes that if such data were excluded, such excluded data would not have a material effect on the information presented.
[2] Investments with stated maturities or redemption provisions within 12 months.
[3] Investments with stated maturities or redemption provisions in excess of 12 months.

The Obligated Group's unrestricted cash and investments, short-term and long-term investments increased to $1.16 billion at September 30, 2013, compared to $0.8 billion at September 30, 2011. This increase is due primarily to realized and unrealized investment gains/losses in the stock and bond markets during this period.

Trustee-held funds for construction-related expenditures and other purposes decreased from $136.9 million at September 30, 2011 to $84.1 million at September 30, 2013 as a result of the completion of various projects.

Outstanding Indebtedness

As described in more detail in the front portion of this Official Statement, the Obligated Group is borrowing a total of approximately $594.1 million, including tax-exempt bonds to be issued by the State of Connecticut Health and Educational Facilities Authority (the "Authority") and taxable bonds to be issued by HSC (collectively, the "New Debt"). Application of bond proceeds offered hereby is described in the front portion of this Official Statement. After giving effect to the issuance of the New Debt, the total outstanding long-term debt of the Obligated Group (excluding capital leases) will be as set forth below.

Summary of Obligated Group Outstanding Long-Term Debt

Series	Par Amount	Type	Last Maturity
Series N Bonds (2013)†	$ 44,815,000	Fixed Rate	7/1/2048
Series O Bonds (2013)†	50,000,000	Variable Rate	7/1/2053
Series 2013 Taxable Bonds†	132,000,000	Fixed Rate	7/1/2043
CHEFA Easy Loan‡	4,940,111	Fixed Rate	11/4/2020
CHEFA Easy Loan 2‡	4,165,000	Fixed Rate	6/1/2017
Series D Bonds (2012)‡	34,350,000	Fixed Rate	7/1/2025
Series A Bonds (2014)	102,300,000	Fixed Rate	7/1/2034
Series B Bonds (2014)	168,275,000	Variable Rate	7/1/2049
Series C Bonds (2014)	83,625,000	Variable Rate	7/1/2025
Series D Bonds (2014)	108,275,000	Variable Rate	7/1/2048
Series E Bonds (2014)	80,935,000	Fixed Rate	7/1/2037
Series 2014 Taxable Bonds	50,725,000	Fixed Rate	7/1/2044
Total	**$864,405,111**		

† Initially incurred by Yale-New Haven Hospital.
‡ Initially incurred by Bridgeport Hospital and BH Foundation.

As of September 30, 2013, the total outstanding long-term debt (net of current portion and capital lease obligations) of Greenwich Hospital consisted of revenue bonds issued by the Authority for Greenwich Hospital, outstanding in the amount of $37.7 million (Series C Bonds). Greenwich Hospital is not a Member of the Obligated Group.

Certain Members also have entered into capitalized lease transactions, incurred other non-bond debt, and have outstanding interest rate hedge agreements. See Note 8 to the Financial Statements included in Appendix B to this Official Statement. Certain of the interest rate hedge agreements require the posting of collateral by the applicable Member depending on the market value of such agreement. As of May 1, 2014, no collateral was required to be posted by any of the Members.

Future Capital Needs

The System has an ongoing capital program which it has historically funded through cash flow from operations. Capital expenditures for the last three years totaled $165.3 million in FY 2011, $213.5 million in FY 2012 and $266.0 million in FY 2013. The System conducts a capital allocation process that requires senior management consensus for all capital projects and alignment with the annual operating budget, capital budget and procurement process. The System does not anticipate that future capital spending will exceed recent average historic levels.

Pensions and Postretirement Benefits

Yale-New Haven Hospital

Yale-New Haven Hospital has qualified and non-qualified defined benefit pension plans covering substantially all employees and executives. The benefits provided are based on age, years of service and compensation. Yale-New Haven Hospital's policy is to fund the pension benefits with at least the minimum amounts required by the Employee Retirement Income Security Act of 1974.

Yale-New Haven Hospital also sponsors a contributory 403(b) plan, covering substantially all employees. Yale-New Haven Hospital's contributions for the 403(b) plan are made to a matching 401(a) plan and are determined based on employee contributions and years of service. Yale-New Haven Hospital contributed approximately $16.0 million and $11.9 million for the years ended September 30, 2013 and 2012, respectively. Yale-New Haven Hospital also maintains a Section 457 non-qualified deferred compensation plan. Contributions to these plans are made on a pre-tax basis.

In addition, Yale-New Haven Hospital provides certain health care and life insurance benefits upon retirement to substantially all its employees. Yale-New Haven Hospital's policy is to fund these annual costs as they are incurred from the general assets of Yale-New Haven Hospital.

The funded status of the defined benefit plans is subject to the level of contributions made by Yale-New Haven Hospital, as well as the investment returns of the plans. Because the investment returns are not subject to the control of Yale-New Haven Hospital, Yale-New Haven Hospital has adopted a policy to semi-annually perform actuarial studies to determine the funded status of these plans. Based on the results of these studies, Yale-New Haven Hospital has the option to make additional discretionary contributions to ensure that the plans are adequately funded. At September 30, 2013 and 2012, the underfunded status of the qualified defined benefit pension plan was approximately $87.9 million and $154.1 million, respectively. Yale-New Haven Hospital made contributions to the qualified defined benefit pension plan of $42.2 million and $44.7 million for the years ended September 30, 2013 and 2012, respectively. At September 30, 2013 and 2012, the underfunded status of the non-qualified defined benefit pension plan was approximately $44.3 million and $49.4 million, respectively. Yale-New Haven Hospital contributed approximately $1.5 million and $1.3 million for the years ended September 30, 2013 and 2012, respectively, to the non-qualified defined benefit pension plan.

Bridgeport Hospital

Until June 30, 2006, Bridgeport Hospital maintained a non-contributory, defined benefit pension plan for substantially all employees that was funded in accordance with the Employee Retirement Income Security Act and the Internal Revenue Code. The accumulated benefit obligation of the plan as of September 30, 2013 and 2012, was approximately $179.6 million and $199.5 million, respectively. The fair value of the plan assets on September 30, 2013 and 2012 was approximately $136.7 million and $132.5 million, respectively. Benefit accruals ceased under the defined benefit plan as of June 30, 2006, though participants continue to receive service credit for vesting and eligibility for early retirement and disability retirement.

The funded status of the defined benefit plan is subject to the level of contributions made by Bridgeport Hospital, as well as the investment returns of the plan. Because the investment returns are not subject to the control of Bridgeport Hospital, Bridgeport Hospital has adopted a policy to make additional discretionary contributions (above and beyond the minimum contributions required by the Internal Revenue Code) to ensure that the plans are adequately funded. Bridgeport Hospital's general policy is to fund this pension plan at the 80% level. At September 30, 2013 and 2012, the underfunded status of the defined benefit pension plan when comparing the accumulated benefit obligation to the fair value of the plan assets was approximately $42.9 million and $67.0 million, respectively. Bridgeport Hospital made contributions to the defined benefit pension plan of $2.5 million and $15.8 million during the fiscal years ended September 30, 2013 and 2012, respectively.

Bridgeport Hospital also sponsors a contributory 403(b) plan, covering substantially all employees. Bridgeport Hospital's contributions for the 403(b) plan are determined based on employee contributions and years of service. Bridgeport Hospital made contributions of approximately $9.5 million and $9.6 million relating to the 403(b) plan for the years ended September 30, 2013 and 2012, respectively. Amounts due to the 403(b) plan amounted to $5.2 million and $4.8 million at September 30, 2013 and 2012, respectively. Bridgeport Hospital also maintains a Section 457 non–qualified deferred compensation plan. Contributions to these plans are made on a pre-tax basis.

Bridgeport Hospital does not provide postretirement health benefits for any employees.

SUMMARY FINANCIAL INFORMATION

Description of System's Financial Performance

The System has reported positive operating and financial performance for the last 13 years. These results have been achieved consistently by adhering to comprehensive business plans, which define the approach to and execution of key strategies aimed at anticipating and/or responding to health care market place changes.

The following table summarizes amounts attributable to the Obligated Group.

Obligated Group Summary Financial Information*

	Five Months Ended February 28, (unaudited)		Years Ended September 30,		
	2014	**2013**	**2013**	**2012**	**2011**
Total operating revenue	$1,248,742	$ 1,209,950	$2,994,092	$2,297,549	$1,977,792
Total operating expense	1,203,210	1,187,926	2,884,104	2,173,552	1,895,381
Income from operations	45,532	22,024	109,988	123,997	82,411
Non-operating gains and losses, net	39,670	34,709	79,350	24,569	6,864
Excess of revenue over expenses	$ 85,202	$ 56,733	$ 189,338	$ 148,566	$ 89,275
Change in net assets:					
Unrestricted net assets	$ 87,013		$301,908	$71,879	$48,344
Temporarily restricted net assets	3,546		17,157	5,914	(2,843)
Permanently restricted net assets	4,683		1,327	2,012	1,040
Total change in net assets	$ 95,242		$320,392	$79,805	$46,541

* Includes data for NEMG PLLC, which is not a Member of the Obligated Group; HSC believes that if such data were excluded, such excluded data would not have a material effect on the information presented.

The financial information presented below contains the results for the System as a whole, including Greenwich Health Care, the Greenwich Endowment Fund and Greenwich Hospital, which are not Members of the Obligated Group. For summary information for the Obligated Group alone, see the table above and Appendices B-2 and B-3 to this Official Statement.

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APPENDIX A

Yale New Haven Health System And Subsidiaries
Consolidated Statements Of Revenues And Expenses
(in thousands)

	Five Months Ended February 28, (unaudited)		Years Ended September 30,		
	2014	**2013**	**2013**	**2012**	**2011**
Operating revenue:					
Net patient service revenue	$1,374,080	$1,322,135	$3,260,388	$2,535,613	$2,229,193
Less: Provision for bad debts	(46,179)	(41,277)	(98,606)	(65,793)	(49,115)
Net patient service revenue, less provision for bad debts	1,327,901	1,280,858	3,161,782	2,469,820	2,180,078
Other revenue	39,713	44,380	118,572	104,901	87,126
Total operating revenue	1,367,614	1,325,238	3,280,354	2,574,721	2,267,204
Operating expenses:					
Salaries and benefits	722,598	703,859	1,701,365	1,341,865	1,221,438
Supplies, insurance and other expenses	500,238	524,394	1,252,167	943,978	817,454
Depreciation and amortization	76,145	60,721	164,253	119,138	111,239
Interest	11,722	10,134	26,387	21,192	20,435
Total operating expenses	1,310,703	1,229,108	3,144,172	2,426,173	2,170,566
Income from operations	56,911	26,130	136,182	148,548	96,638
Non-operating gains and (losses):					
Income (loss) from investments, donations and other, net	3,394	3,434	(5,046)	(12,909)	4,671
Change in unrealized gains and losses on investments, change in fair value of swaps and other	30,768	26,964	76,204	40,183	(14,729)
Acquisition costs related to Saint Raphael Healthcare System	-	-	(196)	(22,103)	(6,051)
Medical Residents FICA tax refund	-	(127)	(127)	4,920	10,915
Total non-operating gains and (losses)	34,162	30,271	70,835	10,091	(5,194)
Excess of revenues over expenses	$91,073	$56,401	$207,017	$158,639	$91,444

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Yale New Haven Health System And Subsidiaries
Consolidated Balance Sheets
(in thousands)

	February 28, 2014 (unaudited)	September 30, 2013	2012	2011
ASSETS				
Current assets:				
Cash and cash equivalents	$91,127	$130,847	$ 106,653	$ 149,500
Short-term investments	872,468	816,969	730,682	501,219
Accounts receivable (net)	345,621	334,974	293,373	251,785
Other current assets	115,066	126,175	159,100	133,422
Amounts deposited with trustee in service debt fund	10,473	7,176	8,494	9,936
Total current assets	1,434,755	1,416,141	1,298,302	1,045,862
Assets limited as to use	184,802	174,471	195,121	211,567
Long-term investments	356,903	338,009	276,298	254,037
Goodwill	62,154	56,439	35,952	267
Deferred financing costs, less accumulated amortization	8,363	8,519	5,649	5,981
Other assets	278,397	273,877	248,877	233,853
Property, plant and equipment:				
Land, buildings and improvements	1,540,626	1,537,530	1,443,207	1,303,447
Equipment	1,240,024	1,216,242	974,171	932,651
Assets recorded under capital leases	70,262	70,262	128,717	128,717
	2,850,912	2,824,034	2,546,095	2,364,815
Less accumulated depreciation and amortization	1,355,646	1,290,209	1,170,886	1,121,655
	1,495,266	1,533,825	1,375,209	1,243,160
Construction in process	51,196	44,054	154,184	99,060
	1,546,462	1,577,879	1,529,393	1,342,220
Total assets	$3,871,836	$3,845,335	$ 3,589,592	$ 3,093,787

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Yale New Haven Health System And Subsidiaries
Consolidated Balance Sheets
(in thousands)

	February 28, 2014 (unaudited)	September 30, 2013	2012	2011
Liabilities and net assets				
Current liabilities:				
Accounts payable and accrued expenses	$418,175	$474,100	$407,053	$321,254
Current portion of long-term debt	42,861	45,780	51,590	16,470
Current portion of capital lease obligation	2,301	2,598	56,313	3,873
Other current liabilities	59,895	74,428	61,249	50,463
Total current liabilities	523,232	596,906	576,205	392,060
Long-term debt, net of current portion and bond discount	761,774	764,309	762,525	601,466
Long-term capital lease obligation, net of current portion	53,042	53,896	56,490	112,833
Accrued pension and postretirement benefit obligations	259,166	264,775	401,923	345,177
Other long-term liabilities	412,958	408,133	405,954	350,619
Deferred revenue	46,081	47,297	53,625	48,321
Total liabilities	2,056,253	2,135,316	2,256,722	1,850,476
Net assets:				
Unrestricted	1,604,659	1,511,282	1,159,608	1,084,796
Temporarily restricted	136,239	128,558	104,857	93,519
Permanently restricted	74,685	70,179	68,405	64,996
Total net assets	1,815,583	1,710,019	1,332,870	1,243,311
Total liabilities and net assets	$3,871,836	$3,845,335	$3,589,592	$3,093,787

Management's Discussion and Analysis of Recent Financial Performance

Results of Operations for the Five Month Periods Ended February 28, 2014 and 2013 (Unaudited)

The System generated income from operations of $56.9 million (4.2% operating margin) and $26.1 million (2.0% operating margin) for the five month periods ended February 28, 2014 and 2013, respectively. Total operating revenue for the System increased by 3.2% from $1.33 billion for the five month period ended February 28, 2013 to $1.37 billion for the same period in 2014. Net patient service revenue increased $47.0 million (3.7%) to $1.33 billion, reflecting growth in discharges and rate increases.

Total operating expenses for the System increased 6.6% from $1.23 billion for the five month period ended February 28, 2013 to $1.31 billion for the same period in 2014. Salaries and benefits expense increased by $18.7 million (2.7%) to $722.6 million. Supplies, insurance and other expenses for the System decreased $24.2 million (4.6%) to $500.2 million. Depreciation and amortization increased $15.4 million (25.4%) to $76.1 million.

Non-operating results reflect investment performance and philanthropy trends. The System reported total non-operating gains of $34.2 million and $30.3 million for the five month periods ended February 28, 2014 and 2013, respectively.

The System reported an excess of revenues over expenses of $91.1 million and $56.4 million for the five month periods ended February 28, 2014 and 2013, respectively.

Results of Operations for the Fiscal Years Ended September 30, 2013 and 2012

For FY 2013, the System generated income from operations of $136.2 million, a decrease of 8.3% from $148.5 million in FY 2012. The operating margin for FY 2013 was 4.2% compared to 5.8% in FY 2012. Excess of revenue over expenses increased 30.5% from $158.6 million in FY 2012 to $207.0 million in FY 2013.

The System's total operating revenue was $3.3 billion for FY 2013, a 27.4% increase from FY 2012. Results for FY 2013 include a full year of the operations of SRHS. Additionally, significant volume growth, managed care contracting, and revenue cycle initiatives are some of the factors that have led to this strong revenue growth.

Significant increases have been seen in the amounts of charity care provided. The System has developed extensive financial assistance policies and procedures, and is committed to providing free care to those without the ability to pay while at the same time realizing the importance and financial responsibility of pursuing collection from those with the ability to pay.

Other operating revenue increased approximately $13.7 million or 13.0% for the fiscal year ended September 30, 2013, as compared to the previous fiscal year. Items recorded within other operating revenue are cafeteria income, contributions, releases of temporarily restricted net assets to support clinical programs, rental income, parking income, electronic health record incentive payments, investment income and grants.

With the significant increases in volume over the past three years and the corresponding increase in the average daily census from the 1,254.1 in FY 2011 to 1,582.7 in FY 2013, the System has experienced significant increases in salaries and benefits. Salaries and benefits increased $359.5 million or 26.8% from the fiscal year ending September 30, 2012 to the fiscal year ending September 30, 2013. Recruitment and retention program investments to attract and retain staff in key positions have contributed to the rise in salaries and benefits. The increasing costs of group health insurance and the increase in pension costs associated with higher FTEs have also contributed to the growth in salary and benefit expense.

Supplies, insurance and other expenses increased from $944.0 million in FY 2012 to $1.3 billion in FY 2013, a 32.6% increase. While a significant portion of this increase is due to the SRHS Acquisition, higher volume and rising costs of pharmaceuticals, blood, implants, new medical and management information systems technology and utilities have also contributed to the increase. The System prides itself on keeping up-to-date with the latest medical technologies and believes that the designation by *Hospitals and Health Networks* of each of Yale-New Haven Hospital, Bridgeport Hospital and Greenwich Hospital as a "most wired" hospital in 2012 and 2013 is a testament to the significant investment by the System in information technology. The System continually performs a variety of supply chain initiatives in an effort to control the supplies and other expenses.

Depreciation and amortization expense increased from $119.1 million in FY 2012 to $164.3 million in FY 2013, a 37.9% increase. This increase is a direct result of the substantial investments that the System has made in its facilities.

Interest expense increased from $21.2 million in FY 2012 to $26.4 million in FY 2013, a 24.5% increase. The increase is primarily attributable to additional interest expense associated with the issuance of the Series N Bonds, the Series O Bonds, and the Series 2013 Taxable Bonds in January 2013.

Balance Sheet

The System has seen its cash and cash equivalents and unrestricted investments grow significantly from September 30, 2011 to September 30, 2013. This significant increase in liquidity comes as a result of the favorable results from operations and a focus on revenue cycle initiatives. Days in accounts receivable has decreased significantly from 42.2 at September 30, 2011 to 38.7 at September 30, 2013.

The System reports cash and investments on its September 30, 2013 balance sheet totaling $1.5 billion which includes $979.5 million classified as operating funds, $369.8 million designated as endowment funds (both restricted and unrestricted), $25.6 million in beneficial interest trusts, and $7.2 million in Debt Service Funds related to the Yale-New Haven Hospital's Series J-1 Bonds, Series K Bonds, Series L Bonds, and Series M Bonds (all of which Debt Service Funds will be applied to refunding of such bonds upon the issuance of the Bonds) and $46.3 million in captive insurance entities. In addition to the above, Yale-New Haven Hospital, Bridgeport Hospital and Greenwich Hospital hold $313.7 million, $136.7 million and $155.3 million, respectively, of investments for a pension fund, which is not an asset of the System and is not reflected as an asset on its balance sheet.

Accrued pension and postretirement benefits include qualified and nonqualified pension plans and postretirement health care benefits. The $137.1 million decrease in the liability for accrued pension and postretirement benefits as of September 30, 2013, when compared with September 30, 2012, is primarily due to higher interest rates.

Other long-term liabilities include estimated net payables to third party payors, the actuarially calculated incurred but not reported professional and general liabilities and deferred amounts related to the space agreement with Yale University regarding the Smilow Cancer Hospital.

Net assets of the System have increased from approximately $1.24 billion at September 30, 2011 to $1.71 billion at September 30, 2013, an increase of 37.5%. As a result of the System's adoption of Accounting Standards Codification 715, which requires recognition in the statement of financial position of the funded status of postretirement benefit plans, and measurement of the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, during Fiscal Years 2011 through 2013 net assets were reduced by approximately $4.8 million.

INSURANCE

The System maintains a comprehensive insurance program that is designed to respond to the property and casualty exposures usual to a large healthcare system. Major lines of insurance coverage carried by the System are described below.

Medical Professional and Commercial General Liability Insurance - The System's hospitals and physician foundation carry first dollar Medical Professional Liability and Commercial General Liability insurance through MCIC Vermont, Inc. (A Reciprocal Risk Retention Group) ("MCIC"), a Vermont domiciled risk retention group. The System and several other large teaching hospitals and medical schools comprise the shareholders of MCIC. The System, through Yale-New Haven Hospital initially, has been a member of MCIC since 1979. MCIC is a risk retention group that is not rated by any of the national rating services that evaluate the credit quality and claims paying ability of insurance companies. MCIC regularly obtains actuarial and other third party evaluations of the reasonableness of the loss provisions of MCIC to discharge its ultimate loss liabilities. The most recent such evaluations have concluded that the loss reserves of MCIC make reasonable provision to discharge the ultimate loss liabilities. These conclusions assume that all of MCIC's ceded reinsurance contracts are valid and will be collectible.

A very substantial claim (the "Extraordinary Claim") has been made against one of the shareholders of MCIC (not a member of the System) for policy year 2013. The shareholder of MCIC against which the Extraordinary Claim was made and MCIC have defended the Extraordinary Claim vigorously. If there were an adverse outcome in the litigation pertaining to the Extraordinary Claim and damages were payable at the level demanded by the plaintiffs, those damages would in effect exhaust a significant amount of the excess insurance protection provided by MCIC for policy year 2013. Even in such circumstances, it is expected that MCIC's remaining insurance protection will be sufficient to pay all claims of the Obligated Group Members for policy year 2013 if the loss history of the Members

for policy year 2013 is consistent with the loss history of such Members for prior years. In certain circumstances, however, MCIC may need to assess shareholders of MCIC (including Members of the Obligated Group) for additional capital contributions. MCIC does not currently expect this to occur. It is also possible that the cost of MCIC obtaining commercial reinsurance for future policy years may increase, and that limitations could be placed on such reinsurance. These consequences could in turn increase the cost of, or result in limitations on the level of, coverage afforded to Members of the Obligated Group by MCIC.

Various claimants have asserted medical professional and/or commercial general liability claims against the System. These claims are in various stages of processing and some may ultimately be brought to trial. The outcome of these actions cannot be predicted with certainty by management or by counsel to the respective insurance companies handling such matters. Reserves for potential claim payments are reviewed for potential adjustments in compliance with industry "best practices", and reviewed by management on an annual basis. HSC management believes, based on prior experience, that adequate insurance is maintained to provide for all significant professional and/or general liability losses that may arise. HSC management also believes that the outcome of such litigation will not have a material adverse effect on the financial condition or results of operations of the System.

Yale-New Haven Hospital owns Lukan Indemnity Company, Ltd. and Caritas Insurance Company, Ltd., both of which are single parent, captive insurance companies. Lukan Indemnity Company, Ltd. is domiciled in Bermuda. It extends medical professional liability insurance coverage for approximately 66 community physicians. It will also run-off medical professional and general liability claims incurred and reported before September 12, 2012 by its prior owner, the Hospital of Saint Raphael. Caritas Insurance Company, Ltd. is domiciled in Vermont. It will run-off excess medical professional and general liability claims incurred and reported before September 12, 2012 by its insured physicians formerly employed by the Hospital of Saint Raphael, and by the Hospital of Saint Raphael, as its prior owner. See footnote 9 in the System's financial statements attached as Appendix B to this Official Statement.

Various claimants have asserted medical professional and/or commercial general liability claims against the Hospital of Saint Raphael and the community physicians insured by Lukan Indemnity Company, Ltd. for alleged acts or omissions occurring prior to September 12, 2012. These claims are in various stages of processing and some may ultimately be brought to trial. The outcome of these actions cannot be predicted with certainty by management or by counsel handling such matters. Reserves for potential claim payments are reviewed for potential adjustments in compliance with industry "best practices", and reviewed by management of the System on a regular basis. It is the opinion of management of the System, based on prior experience, that adequate funding is maintained to provide for all significant professional and/or general liability losses that may arise. The System believes that the outcome of such litigation will not have a material adverse effect on the financial condition or results of operations of the System.

Property Insurance - The System carries "All Risk" property insurance with current policy limits of $1.0 billion through highly rated commercial insurance companies. The policies respond to damage or destruction of System buildings and contents on a replacement cost basis, without regard to depreciation. The policies also cover business income interruption resulting from a covered cause of loss under the policy. The program currently includes coverage as provided for under the federal Terrorism Risk Insurance Revision and Extension Act of 2007.

Workers' Compensation Insurance - The System is authorized by the State to self-insure its statutory workers' compensation obligations. The System self-insures claims valued up to $600,000 and purchases excess liability insurance from a highly rated commercial insurance company for claims exceeding $600,000 in value.

Other Insurance - In addition to the above referenced insurance coverages, the System also maintains insurance coverage for many other liability exposures, including but not limited to: Directors and Officers Liability, Employment Practices Liability, Fiduciary Liability, Crime and Cyber Risk / Privacy Protection.

LITIGATION

In addition to the various professional and general liability cases noted above under the heading "Insurance," certain of the Members are defendants in several civil and administrative proceedings instituted upon the complaint of various private persons, including current and former employees, and administrative and regulatory personnel and agencies. The claims are being contested by the Members, and in the opinion of HSC, none would have a material adverse effect on the financial condition of Obligated Group if decided contrary to the position of such Members.

There are not now pending any litigation or other proceedings seeking to restrain or enjoin any of the Members in connection with or questioning or affecting the validity of any indenture, any loan agreement or any bonds, including the Bonds, or proceedings or the authority under which the same were or are to be issued. There is no litigation threatened or pending which in any manner questions the authority of the System or any of its members in operating their facilities.

LEGISLATIVE AND OTHER DEVELOPMENTS

From time to time legislation is introduced in the State legislature proposing to affect health care providers and services, including imposing additional regulatory requirements that have impacted the System's provision of services and its operations and decreasing governmental reimbursement and financial support for certain services.

For a discussion of recent State legislation affecting the System, see the front portion of this Official Statement under the heading "BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY - Significant Risk Areas Summarized - Increasing Competition and State Legislation Affecting Affiliation Transactions."

HSC cannot predict whether any legislative proposals affecting the System will be enacted in the future, and the impact on the System, if so enacted.

YALE-NEW HAVEN HEALTH SERVICES CORPORATION

Date: May 29, 2014

By: */s/ James M. Staten*
Executive Vice President, Corporate and Financial Services

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries
Years Ended September 30, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

Years Ended September 30, 2013 and 2012

Contents

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Report of Independent Auditors

The Board of Directors
Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

We have audited the accompanying consolidated financial statements of Yale-New Haven Health Services Corporation, d/b/a Yale New Haven Health System and Subsidiaries (the System), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yale-New Haven Health Services Corporation at September 30, 2013 and 2012, and the consolidated results of their operations and changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Change in Presentation of the Provision for Bad Debts

As discussed in Note 1 to the accompanying consolidated financial statements, in 2013, Yale-New Haven Health Services Corporation adopted the provisions of Accounting Standards Update No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities,* which resulted in a change to the presentation of the provision for bad debts in the accompanying consolidated statements of operations and changes in net assets effective October 1, 2011. Our opinion is not modified with respect to this matter.

Ernst & Young LLP

December 23, 2013

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidated Balance Sheets
(In Thousands)

	September 30 2013	2012
Assets		
Current assets:		
Cash and cash equivalents	**$ 130,847**	$ 106,653
Short-term investments	**816,969**	730,682
Accounts receivable for services to patients, less allowance for uncollectible accounts, charity, and free care of approximately $206,203 in 2013 and $102,189 in 2012	**334,974**	293,373
Professional liabilities insurance recoveries receivable – current portion	**38,264**	29,336
Other current assets	**87,911**	129,764
Amounts on deposit with trustee in debt service fund	**7,176**	8,494
Total current assets	**1,416,141**	1,298,302
Assets limited as to use	**174,471**	195,121
Long-term investments	**338,009**	276,298
Deferred financing costs, less accumulated amortization	**8,519**	5,649
Professional liabilities insurance recoveries receivable – non-current	**96,328**	80,128
Goodwill	**56,439**	35,952
Other assets	**177,549**	168,749
Property, plant, and equipment, net	**1,533,825**	1,375,209
Construction in progress	**44,054**	154,184
	1,577,879	1,529,393
Total assets	**$ 3,845,335**	$ 3,589,592

	September 30	
	2013	**2012**
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 474,100**	$ 407,053
Current portion of long-term debt	**45,780**	51,590
Current portion of capital lease obligation	**2,598**	56,313
Professional liabilities – current portion	**38,264**	29,336
Other current liabilities	**36,164**	31,913
Total current liabilities	**596,906**	576,205
Long-term debt, net of current portion	**764,309**	762,525
Long-term capital lease obligations, net of current portion	**53,896**	56,490
Accrued pension and postretirement benefit obligations	**264,775**	401,923
Professional liabilities	**182,728**	162,762
Other long-term liabilities	**225,405**	243,192
Deferred revenue	**47,297**	53,625
Total liabilities	**2,135,316**	2,256,722
Commitments and contingencies		
Net assets:		
Unrestricted	**1,511,282**	1,159,608
Temporarily restricted	**128,558**	104,857
Permanently restricted	**70,179**	68,405
Total net assets including non-controlling interest	**1,710,019**	1,332,870
Total liabilities and net assets	**$ 3,845,335**	$ 3,589,592

See accompanying notes.

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

(In Thousands)

	Year Ended September 30	
	2013	**2012**
Operating revenue:		
Net patient service revenue	**$ 3,260,388**	$ 2,535,613
Less: Provision for bad debts	**(98,606)**	(65,793)
Net patient service revenue, less provision for bad debts	**3,161,782**	2,469,820
Other revenue	**118,572**	104,901
Total operating revenue	**3,280,354**	2,574,721
Operating expenses:		
Salaries and benefits	**1,701,365**	1,341,865
Supplies and other expenses	**1,229,160**	921,973
Depreciation and amortization	**164,253**	119,138
Insurance	**23,007**	22,005
Interest	**26,387**	21,192
Total operating expenses	**3,144,172**	2,426,173
Income from operations	**136,182**	148,548
Non-operating gains and losses, net	**70,835**	10,091
Excess of revenue over expenses	**207,017**	158,639

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

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

(In Thousands)

	Year Ended September 30	
	2013	**2012**
Unrestricted net assets:		
Excess of revenue over expenses	**$ 207,017**	$ 158,639
Other changes in net assets	**(176)**	937
Net assets released from restrictions for purchases of fixed assets	**1,040**	1,911
Pension and other postretirement liability adjustments	**143,793**	(86,675)
Increase in unrestricted net assets	**351,674**	74,812
Temporarily restricted net assets:		
Income from investments	**241**	280
Net realized and unrealized gains on investments	**15,553**	15,512
Bequests and contributions	**31,102**	22,601
Net assets released from restrictions for purchases of fixed assets	**(1,040)**	(1,911)
Net assets released from restrictions for operations	**(12,789)**	(11,696)
Net assets released from restrictions for clinical programs	**(10,277)**	(13,693)
Net assets released from restrictions used for non-operating activities	**(5)**	(139)
Other changes in net assets	**916**	384
Increase in temporarily restricted net assets	**23,701**	11,338
Permanently restricted net assets:		
Bequests and contributions	**1,041**	891
Net realized and unrealized losses on investments	**322**	1,297
Change in beneficial interest in perpetual trusts	**411**	1,221
Increase in permanently restricted net assets	**1,774**	3,409
Increase in net assets	**377,149**	89,559
Net assets at beginning of year	**1,332,870**	1,243,311
Net assets at end of year	**$ 1,710,019**	$ 1,332,870

See accompanying notes.

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended September 30 2013	2012
Operating activities		
Increase in net assets	**$ 377,149**	$ 89,559
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	**164,253**	119,138
Net realized and change in net unrealized gains and losses on investments	**(75,384)**	(72,964)
Change in fair value of interest rate swap agreements	**(19,493)**	7,741
Amortization of long-term debt premium	**(1,457)**	(854)
Bad debts	**98,606**	65,793
Amortization of deferred financing costs	**360**	332
Change in perpetual trusts	**(934)**	(2,490)
Bequests and contributions, net of pledges	**(26,084)**	(26,352)
Pension and other postretirement liability adjustments	**(143,793)**	86,675
Changes in operating assets and liabilities:		
Accounts receivable, net	**(140,207)**	(107,381)
Other assets	**26,082**	36,556
Accounts payable and accrued expenses	**67,047**	39,380
Professional insurance recoveries and liabilities	**3,766**	36,533
Other liabilities	**6,274**	(31,570)
Net cash provided by operating activities	**336,185**	240,096
Investing activities		
Net acquisitions of property, plant, and equipment	**(266,025)**	(213,521)
Sale of property	**53,605**	–
Capitalized interest	**146**	3,278
Cash paid for the acquisition, net of cash acquired	**(13,981)**	(133,800)
Net change in investments	**(72,614)**	(178,760)
Amounts deposited with trustee in debt service fund	**1,318**	1,442
Assets limited as to use	**21,584**	18,936
Net cash used in investing activities	**(275,967)**	(502,425)
Financing activities		
Proceeds from issuance of debt	**232,000**	40,733
Proceeds from notes payable	**14,000**	217,235
Proceeds from line of credit payable	**25,000**	–
Payments of long-term debt	**(17,032)**	(60,935)
Payments on bank line of credit payable	**(210,900)**	–
Payments of notes payable	**(45,637)**	–
Payments on capital lease obligations	**(56,309)**	(3,903)
Deferred financing costs	**(3,230)**	–
Bequests, and contributions, net of pledges	**26,084**	26,352
Net cash (used in) provided by financing activities	**(36,024)**	219,482
Net increase (decrease) in cash and cash equivalents	**24,194**	(42,847)
Cash and cash equivalents at beginning of year	**106,653**	149,500
Cash and cash equivalents at end of year	**$ 130,847**	$ 106,653

See accompanying notes.

Yale-New Haven Health Services Corporation
d/b/a Yale-New Haven Health System and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2013

1. Organization and Significant Accounting Policies

Yale-New Haven Health Services Corporation (Y-NHHSC), formed in 1983, was incorporated under the Not-for-Profit Corporation Law to coordinate the activities of the members of the Yale-New Haven Health Services Corporation, d/b/a Yale New Haven Health System and Subsidiaries (collectively, the System), and is an integrated regional health care delivery system. The System currently includes the following entities:

Y-NHHSC is the parent company of YNH Network Corporation (YNHNC) and Y-NHH-MSO, Inc. (MSO), as well as the sole member of Bridgeport Hospital & Healthcare Services, Inc. (BHHS), Greenwich Health Care Services, Inc. (GHCS) and Northeast Medical Group, Inc (NEMG).

YNHNC was incorporated as of April 1, 1998, and is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3). Under the terms of an assignment and assumption agreement executed on May 10, 2001, YNHNC became the sole member of Yale-New Haven Hospital, Inc. and the parent organization of Yale-New Haven Ambulatory Services Corporation and York Enterprises, Inc. and Subsidiaries. YNHNC is the parent of:

- Yale-New Haven Hospital, Inc. (Y-NHH), a voluntary association incorporated under the General Statutes of the State of Connecticut. The Board of Trustees of Y-NHH, appointed by YNHNC, controls the operations of Y-NHH.

- YNHCCC, a Connecticut non stock corporation, is a wholly-owned subsidiary of Yale-New Haven Network Corporation (YNHNC). YNHCCC provides long-term care for those unable to live independently and short-term rehabilitation for patients who have experienced elective surgery, an injury, or a traumatic major illness. Its services include respite care for family members and caregivers, stroke recovery for victims of strokes, orthopedic recovery services, medications and diagnostic services (such as radiological services).

- Yale-New Haven Ambulatory Services Corporation (ASC), a Connecticut non-stock, taxable corporation, operates a recovery care centers, and is 51% owner of Shoreline Surgery Center, LLC (SSC) and SSC II, LLC.

1. Organization and Significant Accounting Policies (continued)

- York Enterprises, Inc. and Subsidiaries (York), a Connecticut corporation formed for the purpose of initiating or acquiring business entities. Currently, York has two subsidiaries: Medical Center Pharmacy and Home Care, Inc. (MCP) and Medical Center Realty, Inc. (MCR). MCP is a Connecticut stock, for-profit company, which operated a retail pharmacy with multiple locations until February 2011. MCR is a Connecticut stock, for-profit company, which owns or holds leases on the System's affiliated commercial space. York is the sole shareholder of MCP and MCR.

- Quinnipiac Medical Center P.C. (QMPC) and Community Health Care Physicians (CHCP) are Connecticut stock, for-profit, professional corporations formed in 1994 and 1996, respectively, to employ New Haven area primary care physicians. All of the stock of QMPC and CHCP is owned by the Chief of Staff of Y-NHH, who has assigned his rights in QMPC and CHCP to YNHNC.

BHHS is a Connecticut not-for-profit, non-stock corporation established to promote and carry out charitable, scientific, and educational activities. Y-NHHSC is the sole member of BHHS. BHHS and its subsidiaries have continued to operate autonomously with a separate board, management, and medical staff. Y-NHHSC must approve the strategic plans, operating budgets, capital budgets, and board appointments of BHHS. BHHS is the sole member of the following not-for-profit, non-stock corporations:

- Bridgeport Hospital, a voluntary association incorporated under the General Statutes of the State of Connecticut, provides health care services to the Fairfield County community.

- Bridgeport Hospital Foundation solicits contributions for the benefit of BHHS, Bridgeport Hospital, and all other tax-exempt health care organizations associated with BHHS.

- Southern Connecticut Health System Properties, Inc. is a real estate holding company, which sold primarily all of its assets to Bridgeport Hospital during 1998.

1. Organization and Significant Accounting Policies (continued)

NEMG is a tax-exempt medical foundation that provides physician-related services to Bridgeport, Greenwich, and Yale-New Haven Hospitals and their surrounding communities. NEMG operates autonomously with a separate board, management, and medical staff. Y-NHHSC must approve the strategic plans, operating budgets, capital budgets, and board appointments of NEMG.

GHCS is the parent corporation of a group of wholly owned subsidiaries, including Greenwich Hospital, The Perryridge Corporation, Greenwich Health Care Services, Inc. (GHSI), the Greenwich Hospital Endowment Fund, Inc., and Greenwich Ambulatory Surgery Center, LLC (GASC). GHCS and its subsidiaries, with the exception of GHSI, are Section 501(c)(3) not-for-profit organizations, and are exempt from federal income taxes under Section 501(a) of the Code. Greenwich Hospital, a non-stock Connecticut corporation, is a wholly owned subsidiary of GHCS (the sole member), providing health care services to the lower Fairfield County and Westchester County, New York communities. GHCS and its subsidiaries have continued to operate autonomously with a separate board, management, and medical staff. Y-NHHSC must approve the strategic plans, operating budgets, capital budgets, any transfer of assets, and Board of Director appointments of GHCS and its subsidiaries.

On October 21, 2010, GASC entered into an agreement to operate Orthopedic & Neurosurgery Center of Greenwich, LLC (the JV), for the purpose of providing outpatient surgical services in the greater Fairfield County and Westchester County communities. GASC holds governance control of the JV and a 35% equity interest as of September 30, 2011. Accordingly, the accounts of the JV have been included in the balance sheets of GASC. The non-controlling interest in the JV is reported in the consolidated financial statements.

MSO, a for-profit stock corporation, was formed to manage physician practices and provide third-party administration services on certain managed care contracts. The capital stock of MSO consists of 20,000 shares of common stock, par value of one one-hundredth of a dollar per share. The Board of Directors of MSO is appointed by Y-NHHSC, the sole shareholder, who controls MSO's operations.

1. Organization and Significant Accounting Policies (continued)

Acquisitions

On September 12, 2012, Y-NHH, ASC, YNHCCC, and York, acquired substantially all of the business, assets, and operations and assumed certain liabilities of the Saint Raphael Healthcare System, Inc. (SRHS), including substantially all of the assets of its wholly-owned subsidiary, the Hospital of Saint Raphael (HSR), a 511-bed acute care hospital located in New Haven, CT. Other affiliates of SRHS whose assets were acquired in connection with the transaction include the following:

- Saint Regis Health Center, Inc. d/b/a Sister Anne Virginie Grimes Health Center (Grimes), a tax-exempt, skilled nursing facility that operated with 120 licensed beds which was a wholly-owned subsidiary of SRHS. In connection with the transaction, YNHCCC acquired substantially all of the land, buildings, equipment and bed licenses associated with Grimes.

- Caritas Insurance Company, Ltd. (Caritas), a Vermont-domiciled, captive insurance company licensed under Chapter 141 of Title 8 of the Vermont Statutes Annotated. Caritas is a tax-exempt supporting organization having HSR as its sole shareholder. Caritas provides excess professional liability coverage and general liability coverage. Caritas was a wholly-owned subsidiary of HSR. In connection with the transaction Y-NHH acquired 100% of the stock of Caritas.

- Lukan Indemnity Company, Ltd. (Lukan), a Bermuda-domiciled captive insurance company that provides primary professional liability coverage. Lukan was a wholly-owned subsidiary of HSR. In connection with the transaction, Y-NHH acquired 100% of the stock of Lukan.

- DePaul Health Services Corporation (DePaul), a Connecticut nonstock corporation which held interests in investments and other assets on behalf of HSR. In connection with the transaction, ASC acquired certain interests in investments from DePaul.

1. Organization and Significant Accounting Policies (continued)

- Saint Raphael Foundation, Inc. (the Foundation), a tax-exempt fundraising foundation of HSR which was a subsidiary of SRHS. In connection with the transaction, certain assets of the Foundation were acquired by Y-NHH.

The total consideration transferred by Y-NHH, ASC, YNHCCC and York was approximately $237.9 million, including $160.0 million in cash and an installment payable plus the assumption of liabilities totaling $77.9 million, as follows (in thousands).

Cash consideration	$ 150,000
Installment payments	10,000
Assumption of liabilities	77,927
Total consideration transferred	$ 237,927

The acquisition of substantially all of the business, assets, and operations and assumption of liabilities of HSR included installment payments in the amount of $10 million payable in two equal installments which were made in October 2012 and March 2013.

Y-NHH and its affiliates have accounted for the business combination applying the acquisition method of accounting in accordance with Accounting Standards Codification Topic 805, *Business Combinations* (“Topic 805”)

1. Organization and Significant Accounting Policies (continued)

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the acquisition date. Determining the fair value of the assets acquired and liabilities assumed requires judgment and involves the use of significant accounting estimates and assumptions, including assumptions with respect to future cash inflows and outflows and discount rates, among others.

	Y-NHH	ASC	YNHCCC	York	Total
Assets acquired:					
Cash	$ 16,200	$ –	$ –	$ –	$ 16,200
Other current assets	7,240	–	–	187	7,427
Other receivables	7,400	–	–	–	7,400
Goodwill	35,685	–	–	–	35,685
Other long-term assets	53,771	12,500	700	–	66,971
Property, plant, and equipment	100,156	–	4,075	13	104,244
	220,452	12,500	4.775	200	237,927
Liabilities assumed:					
Accrued expenses	36,419	–	775	–	37,194
Other long-term liabilities	40,733	–	–	–	40,733
Total	77,152	–	775	–	77,927
Assets and liabilities acquired	$ 143,300	$ 12,500	$ 4,000	$ 200	$ 160,000
Cash paid for acquisition	$ 150,000	$ –	$ –	$ –	$ 150,000
Installment payments	$ 10,000	$ –	$ –	$ –	10,000
Change in net assets					$ –

Y-NHH recorded goodwill in the amount of $35.7 million. In connection with the finalization of the fair value measurement of the assets and liabilities acquired, Y-NHH recorded additional goodwill of approximately $2.3 million during 2013. In determining the amount of goodwill, all assets acquired and liabilities assumed were measured at fair value as of the acquisition date. Factors contributing to goodwill that resulted from the acquisition include, but are not limited to, the efficiencies that will result from the combination of the campuses and their proximity.

1. Organization and Significant Accounting Policies (continued)

As part of the acquisition ASC acquired a non-controlling interest in the following investments previously owned by HSR:

- YNHASC acquired a 49% equity interest in Saint Raphael Dialysis Center (SDC). SDC is an outpatient dialysis center with 4 locations to treat people with chronic kidney failure.

- YNHASC acquired a 50% equity interest in Saint Raphael Magnetic Resonance Partnership (SRMP) SRMP provides radiology services using a magnetic resonance imaging machine.

- YNHASC acquired a 49% equity interest in Connecticut CK Leasing LLC (CCK). CCK provides radiation to treat malignant and benign tumors.

Total assets and liabilities of SDC, SRMP and CCK were approximately $17.5 million and $1.9 million and $4.0 million and $2.7 million, respectively, at September 30, 2013 and 2012, respectively.

YNHCCC, ASC and York each respectively paid amounts equal to the fair values for assets acquired, net of liabilities assumed, with cash provided by Y-NHH.

The results of HSR for the period September 12, 2012 through September 30, 2012, have been combined with Y-NHH and included in the 2012 consolidated financial statements.

1. Organization and Significant Accounting Policies (continued)

The following table summarizes amounts attributed to SRHS since the acquisition date that are included in the accompanying consolidated financial statements for the year ended September 30, 2012 (in thousands):

	Period From September 12, 2012 to September 30, 2012
Total operating revenue	$ 23,554
Total operating expense	24,850
Loss from operations	(1,296)
Non-operating gains and losses, net	71
Deficiency of revenue over expenses	$ (1,225)
Change in net assets:	
Unrestricted net assets	$ (1,201)
Temporarily restricted net assets	–
Permanently restricted net assets	–
Total change in net assets	$ (1,201)

1. Organization and Significant Accounting Policies (continued)

The following table represents pro forma financial information, assuming the acquisition of SRHS had taken place October 1, 2011. The pro forma information includes adjustments for the amortization of intangible assets. The pro forma financial information is not necessarily indicative of the results of operations as they would have been had the transaction been effected on the acquisition date (in thousands).

	2012
Total operating revenue	$ 3,159,949
Total operating expense	3,029,729
Loss from operations	130,220
Non-operating gains and losses, net	13,235
Excess of revenue over expenses	$ 143,455
Change in net assets:	
Unrestricted net assets	$ 75,395
Temporarily restricted net assets	7,161
Permanently restricted net assets	165
Total change in net assets	$ 82,721

During 2013, Bridgeport Hospital acquired substantially all of the business, assets, and operations of Robert D. Russo and Associates Radiology P.C. ("Russo Radiology"). The acquisition includes installment payments totaling $15 million, including interest, ranging from approximately $1.5 million to $3.9 million due from May 2013 through June 2017. At September 30, 2013, Bridgeport Hospital has a liability of approximately $9.5 million remaining. Bridgeport Hospital has accounted for the business combination by applying the acquisition method of accounting in accordance with Topic 805. The purchase price in excess of the fair value of identified assets aggregated approximately $13.5 million which has been recorded as goodwill. There were no liabilities assumed at the acquisition date.

1. Organization and Significant Accounting Policies (continued)

Principles of Consolidation

The accompanying consolidated financial statements present the accounts and transactions of the System and its subsidiaries. All significant intercompany revenue and expenses and inter-company balance sheet accounts have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectibles for accounts receivable for services to patients, and liabilities, including estimated net settlements with third-party payors and professional liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

During fiscal 2013 and 2012, the System recorded a change in estimate of approximately $9.7 and $16.8 million, respectively. Included in the change are amounts related to unfavorable third-party payor settlements at September 30, 2013 and 2012.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose, and appreciation on permanently restricted net assets. Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity. The System is a partial beneficiary to various perpetual trust agreements. Assets recorded under these agreements are recognized at fair value. The investment income generated from the trusts is unrestricted, and the assets are classified as permanently restricted.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions receivable to be received after one year are discounted at a discount rate commensurate with the risks involved. Amortization of the discount is recognized as revenue, and is classified as either unrestricted or temporarily restricted in accordance with donor-imposed restrictions, if any, on the contributions.

1. Organization and Significant Accounting Policies (continued)

Capital Campaign and Pledges Receivable

Contributions and pledges receivable, included in other current assets and other assets in the accompanying consolidated balance sheets at September 30, 2013 and 2012, are expected to be received as follows (in thousands):

	September 30	
	2013	**2012**
Less than one year	**$ 9,482**	$ 3,357
One to five years	**1,772**	3,254
	11,254	6,611
Less unamortized discount on contributions receivable (0.2% to 4.2%)	**(65)**	(124)
	11,189	6,487
Allowance for uncollectible contributions	**(336)**	(173)
Contributions receivable, net	**$ 10,853**	$ 6,314

Excluded from contributions receivable are certain items, primarily letters of intent, which are not legally binding, and gifts conditional on events that have not yet occurred.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All 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.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid financial instruments with original maturities of three months or less when purchased, which are not classified as assets limited as to use, and which are not maintained in the short-term or long-term investment portfolios.

1. Organization and Significant Accounting Policies (continued)

Cash and cash equivalents are maintained with domestic financial institutions with deposits which exceed federally insured limits. It is the System's policy to monitor the financial strength of these institutions.

Accounts Receivable

Patient accounts receivable result from the health care services provided by the System. Additions to the allowance for doubtful accounts result from the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts.

The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage, and other collection indicators. See Note 2 for additional information relative to third-party payor programs.

Investments

The System has designated its investment portfolio as trading. Investment income or loss (including realized gains and losses on investments, interest, and dividends) and the change in net unrealized gains and losses are included in the excess of revenue over expenses unless the income or loss is restricted by donor or law.

Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair value (quoted market prices) in the accompanying consolidated balance sheets.

Certain alternative investments (non-traditional, not-readily-marketable assets) are structured such that the System holds limited partnership interests or pooled units and are accounted for under the equity method and utilizing Yale University's (the University) reported net asset value per unit for measurement of the units' fair value for the Yale University investment. Individual investment holdings within the alternative investments may, in turn, include investments in both non-marketable and market-traded securities. Valuations of those investments and, therefore, the System's holdings may be determined by the investment manager or general partner. Fund of

1. Organization and Significant Accounting Policies (continued)

funds investments are primarily based on financial data supplied by the underlying investee funds. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. The equity method reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. The investments may indirectly expose the System to securities lending, short sales of securities, and trading in futures and forwards contracts, options, swap contracts and other derivative products. While these financial instruments may contain varying degrees of risk, the System's risk with respect to such transactions is limited to its capital balance in each investment. The financial statements of the investees are audited annually by independent auditors. The System has made investment commitments of approximately $38.6 million in these alternative investments, of which approximately $34.2 million has been funded as of September 30, 2013

The System participates in the Yale New Haven Health System Investment Trust (the Trust), a unitized Delaware Investment Trust created to pool assets for investment by the Health System non-profit entities. The Trust is comprised of two pools: the Long-Term Investment Pool (L-TIP) and the Intermediate-Term Investment Pool (I-TIP). Governance of the Trust is performed by the Yale New Haven Health System Investment Committee.

Under the terms of the investment management agreement with the Trust, withdrawals of investments in the L-TIP can be made annually by each Hospital on July 1. Amounts withdrawn are subject to a schedule that allows larger withdrawals with longer notice periods. As of September 30, 2013, each Hospital can withdrawal 100% of its investment in the L-TIP on July 1, 2012. Withdrawals of investments in the I-TIP in any amount can be made quarterly with 30 days advance notice.

The Trust has entered into an agreement with The University's investment office (the Investment Management Agreement) which allows the University to manage a portion of Trust's investments as part of the University's Endowment Pool (the Pool). Under the terms of the agreement for the years ended September 30, 2013 and 2012, the Trust transferred $100 million and $50 million, respectively, to the University in exchange for units in the Pool. The Trust's interest in the Pool is reported at fair value based on the net asset value per units held. The Pool invests in domestic equity, foreign equity, absolute return, private equity, real assets, fixed income, and cash.

1. Organization and Significant Accounting Policies (continued)

Under the terms of the investment management agreement with the University, withdrawals of the Trust's investment in the Pool can be made annually by the Trust on July 1 For withdrawals of amounts less than $150.0 million or 75% of the Trust's investment in the Pool, $100.0 million or 50% of the Trust's investment in the Pool, and $50.0 million or 25% of the Trust's investment in the Pool, the advance notice period is set to a maximum of 180 days, 90 days, and 30 days, respectively, prior to the University's fiscal year ending June 30. For withdrawals greater than $150.0 million or more than 75% of the Trust's investment in the Pool, the advance notice period is set to a maximum of 270 days prior to the University's fiscal year end of June 30.

In March 2006, YNHNC entered into an arrangement with the University, whereby the University will manage certain Board-designated assets of YNHNC. These Board-designated assets are commingled in the University's endowment pool. As of September 30, 2013 and 2012, the carrying value of assets managed by the University under this agreement was approximately $9.1 million and $8.5 million, respectively. Because of the limitations on their use, the assets are separately classified from assets invested under the Investment Management Agreement.

In 2011, the investment management agreement between the Trust and the University was modified to allow the Trust to obtain a cash advance, up to a maximum of $75 million, on a monthly basis. For these advances interest of U.S. Prime rate, plus two percent (2%) will be paid by the Trust. Repayments on the advances are made by the Trust by way of redemptions of a sufficient number of Trust's units in the Endowment using the June 30th unit valuation. No advances have been requested or taken by the Trust.

Short-term investments represent those securities that are available for the System's operations, and can be converted to cash within one year.

Inventories

Inventories are stated at the lower of cost or market. The System values its inventories using the first-in, first-out method, with the exception of YNHNC's pharmacy inventories, which are valued at average cost.

1. Organization and Significant Accounting Policies (continued)

Assets Limited as to Use

Assets so classified represent assets held by trustees under indenture agreements, beneficial interest in perpetual trusts, and designated assets set aside by the Board of Trustees for future capital improvements, and other Board-approved uses. The Board of Trustees retains control and, at its discretion, may use for other purposes assets limited as to use for plant improvements and expansion. Amounts required to meet current liabilities are reported as current assets. These funds consist primarily of U.S. government securities, equities, debt securities, mutual funds, and money market funds.

Perpetual Trusts

The System is the beneficiary of certain perpetual trusts held and administered by others. The present values of the estimated future cash receipts, which are measured based on the fair value of the assets held by the trust, are recognized as assets and contribution revenue at the dates the trusts are established. Distributions from the trusts related to earnings and investment income are recorded as contributions, and the carrying value of the assets is adjusted for changes in the fair value.

Interest Rate Swap Agreements

The System utilizes interest rate swap agreements to reduce risks associated with changes in interest rates. Interest rate swap agreements are reported at fair value. The System is exposed to credit loss in the event of non-performance by the counterparties to its interest rate swap agreements. The System is also exposed to the risk that the swap receipts may not offset its variable rate debt service. To the extent these variable rate payments do not equal variable interest payments on the bonds, there will be a net loss or net benefit to the System.

Benefits and Insurance

The System is effectively self-insured for medical, dental, hospitalization, and prescription drug benefits provided to employees. YNHNC and Y-NHHSC make annual contributions to the Y-NHHSC Voluntary Employee Beneficiary Association (VEBA) plan to fund medical, dental, hospitalization, group term life insurance, and prescription drug benefits. Annually, premiums

1. Organization and Significant Accounting Policies (continued)

are set to reflect the estimated cost of benefits. During the years ended September 30, 2013 and 2012, YNHNC and Y-NHHSC made actuarially determined contributions, net of premium adjustments, to the VEBA plan of approximately $159.7 million and $124.4 million, respectively.

Professional Liability Insurance

The System is self-insured for workers' compensation claims. Estimated amounts are accrued for claims, including claims incurred but not reported (IBNR), and are based on System-specific experience. At September 30, 2013 and 2012, the estimated discounted liabilities for self-insured workers' compensation claims and IBNR aggregated approximately $29.0 million discounted at 2.5% and $21.3 million, discounted at 3.0%, respectively, and are included in other long-term liabilities in the accompanying consolidated balance sheets.

The System records the actuarially determined liabilities for IBNR professional and general liabilities (Note 10).

Property, Plant, and Equipment

Property, plant, and equipment purchased are carried at cost, and those acquired by gifts and bequests are carried at fair value established at the date of contribution. The carrying amounts of assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of, and any resulting gain or loss is included in income from operations. Depreciation of property, plant, and equipment is computed by the straight-line method in amounts sufficient to depreciate the cost of the assets over their estimated useful lives, ranging from 3 to 50 years. The cost of additions and improvements are capitalized, and expenditures for repairs and maintenance, including the cost of replacing minor items not considered substantial enhancements, are expensed as incurred.

Y-NHH and the Housing Authority of New Haven (HANH) have entered into an agreement to swap parcels of land on the Legion/Howard/Sylvan/Ward block located in New Haven, Connecticut. As part of the key terms of the agreement, HANH has pledged an account to Y-NHH in the amount of $5.7 million. The pledged account was established at the time Y-NHH conveyed the land to HANH in July 2010. In the event that HANH fails to meet certain requirements of the agreement, including conveying its land parcel to Y-NHH, Y-NHH has the

1. Organization and Significant Accounting Policies (continued)

right to withdraw from the pledged account in the amount of $5.2 million, unless the pledged account is extended with an annual increase of approximately $180,000. As of September 30, 2013, no events have occurred that would require an increase to the pledged account or that would require Y-NHH to withdraw funds from the pledged account.

Goodwill

Goodwill is not amortized but instead tested at least annually for impairment or more frequently when events or changes in circumstances indicate that the assets might be impaired. This impairment test is performed annually at the reporting unit level. The System evaluates goodwill at the entity level as management has determined that the System's operation comprise a single reporting entity. Goodwill is considered to impaired if the carrying value of the reporting unit, including goodwill, exceeds the reporting unit's fair value. Reporting unit fair value is estimated using both income (discounted cash flows) and market approaches.

The discounted cash flow approach requires the use of assumptions and judgments including estimates of future cash flows and the selection of discount rates. The market approach relies on comparisons to publicly traded stocks or to sales of similar companies. The System has determined that no goodwill impairment exists at September 30, 2013.

Deferred Revenue

Deferred revenue includes amounts which have been received that relate to future years. Amounts will be reduced as revenue is earned.

Excess of Revenue Over Expenses

In the accompanying consolidated statements of operations and changes in net assets, excess of revenue over expenses is the performance indicator. Peripheral or incidental transactions are included in excess of revenue over expenses. Those gains and losses deemed by management to be closely related to ongoing operations are included in other revenue; other gains and losses are classified as non-operating. Included in non-operating gains and losses are expenses incurred related to the acquisition of the SRHS.

1. Organization and Significant Accounting Policies (continued)

Contributions of, or restricted to, property, plant, and equipment, and pension and other postretirement liability adjustments are excluded from the performance indicator, but are included in the change in net assets.

Income Taxes

Most entities within the System are not-for-profit corporations as described in Section 501(c)(3) of the Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Provisions for income taxes and deferred taxes, which are not material to the consolidated financial statements, have been made for the taxable entities listed above under the description of the System.

Operating Expenses

YNHNC records amounts received from the University, area hospitals, and other local health care providers for costs incurred on behalf of those organizations as reductions to expenses. For the years ended September 30, 2013 and 2012, YNHNC recorded approximately $67.3 million and $52.9 million, respectively, as reductions to expenses.

Deferred Financing Costs

The System capitalizes costs incurred in connection with the issuance of long-term debt, and amortizes these costs over the life of the respective obligations using the effective interest method (Note 8). The accumulated amortization of deferred financing costs was approximately $1.8 million and $1.5 million at September 30, 2013 and 2012, respectively. See Note 8 for additional information relative to debt-related matters.

Impairment of Assets

The System reviews property, equipment, and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If such impairment indicators are present, the System recognizes a loss on the basis of whether these amounts are fully recoverable.

1. Organization and Significant Accounting Policies (continued)

New Accounting Pronouncement

In July 2011, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ("ASU No. 2011-07"). In accordance with ASU No. 2011-07, the System changed the presentation of its consolidated statement of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue, similar to contractual allowances and discounts. Additionally, the System has provided enhanced disclosures about its policies for recognizing revenue and assessing bad debts, as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The System adopted this accounting standard update as of October 1, 2012, and retrospectively applied the presentation of the provision for bad debts in the accompanying consolidated statements of operations and changes in net assets to all periods presented. The enhanced disclosure requirements are required in the period of adoption and subsequent reporting periods (see Note 2). The System's adoption of this update has no effect on the previously reported excess of revenue over expenses or on net assets.

Reclassifications

Certain reclassifications have been made to the year ended September 30, 2012 balances previously reported in the financial statements in order to conform with the year ended September 30, 2013 presentation, including the reclassification of provision for doubtful accounts on the statements of operations related to the adoption of ASU 2011-07.

2. Accounts Receivable for Services to Patients and Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. The difference is accounted for as allowances. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, fee-for-service, discounted charges, and per diem payments. Net patient service revenue is affected by the State of Connecticut Disproportionate Share program, includes premium revenue, and is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to

2. Accounts Receivable for Services to Patients and Net Patient Service Revenue (continued)

future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known, or as years are no longer subject to such audits, reviews, and investigations.

Third-party payor receivables included in other receivables were $10.7 million and $35.9 million at September 30, 2013 and 2012, respectively. Third-party payor receivables included in other long-term assets were $11.3 million and $19.5 million at September 30, 2013 and 2012, respectively. Third-party payor liabilities included in other current liabilities were $24.0 million and $12.8 million at September 30, 2013 and 2012, respectively. Third-party payor liabilities included in other long-term liabilities were $66.3 million and $54.8 million at September 30, 2013 and 2012, respectively.

The System has established estimates, based on information presently available, of amounts due to or from Medicare, Medicaid, and third-party payors for adjustments to current and prior year payment rates, based on industry-wide and System-specific data. Such amounts are included in accompanying consolidated balance sheets. Additionally, certain payors' payment rates for various years have been appealed by the System. If the appeals are successful, additional income applicable to those years might be realized.

Revenue from Medicare and Medicaid programs accounted for approximately 32% and 14%, respectively, of the System's consolidated net patient service revenue for the years ended September 30, 2013, and approximately 28% and 13%, respectively, of the System's consolidated net patient service revenue for the years ended September 30, 2012. Inpatient discharges relating to Medicare and Medicaid programs accounted for approximately 37% and 26%, and 33% and 30%, respectively, for the years ended September 30, 2013 and 2012. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term.

The System believes that it is in compliance with all applicable laws and regulations, and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing, except as disclosed in Note 11. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including

2. Accounts Receivable for Services to Patients and Net Patient Service Revenue (continued)

fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the System. Cost reports for the System's hospitals, which serve as the basis for final settlement with government payors have been settled by final settlement for various years ranging through 2007 for Medicare and through 1994 for Medicaid. Other years remain open for settlement.

The significant concentrations of accounts receivable for services to patients include 31% from Medicare, 13% from Medicaid, and 56% from non-governmental payors at September 30, 2013 and 28% from Medicare, 10% from Medicaid, and 62% from non-governmental payors at September 30, 2012.

Patient service revenue for the year ended September 30, 2013, net of contractual allowances and discounts (but before the provision for bad debts), recognized from these major payor sources based on primary insurance designation, is as follows:

	Third-Party	Self-Pay	Total All Payors
		(In Thousands)	
Patient service revenue (net of contractual allowances and discounts)	$ 3,131,413	$ 128,975	$ 3,260,388

Deductibles and copayments under third-party payment programs within the third-party payor amount above are the patient's responsibility and the System considers these amounts in its determination of the provision for bad debts based on collection experience. Accounts receivable are also reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

2. Accounts Receivable for Services to Patients and Net Patient Service Revenue (continued)

The System's allowance for doubtful accounts totaled approximately $206.2 million and $102.2 million at September 30, 2013 and 2012, respectively. The allowance for doubtful accounts for self-pay patients was approximately 84.5% and 74.1% of self-pay accounts receivable as of September 30, 2013 and 2012, respectively. Overall, the total of self-pay discounts and write-offs did not change significantly in 2013. The System did not experience significant changes in write-off trends and did not change its charity care policy in 2013.

3. Uncompensated Care and Community Benefit Expense

The System's commitment to community service is evidenced by services provided to the poor and benefits provided to the broader community. Services provided to the poor include services provided to persons who cannot afford health care because of inadequate resources, and/or who are uninsured or underinsured.

The System makes available free care programs for qualifying patients. In accordance with the established policies of the System, during the registration, billing, and collection process, a patient's eligibility for free care funds is determined. For patients who were determined by the System to have the ability to pay but did not, the uncollected amounts are bad debt expense. For patients who do not avail themselves of any free care program, and whose ability to pay cannot be determined by the System, care given but not paid for is classified as charity care.

Together, charity care and bad debt expense represent uncompensated care. The estimated cost of total uncompensated care is approximately $139.7 million and $101.8 million for the years ended September 30, 2013 and 2012, respectively. The estimated cost of uncompensated care is based on the ratio of cost to charges, as determined by claims activity.

The estimated cost of charity care provided was $76.8 million and $67.3 million for the years ended September 30, 2013 and 2012, respectively. The estimated cost of charity care is based on the ratio of cost to charges. The allocation between bad debt and charity care is determined based on management's analysis on the previous 12 months of hospital data. This analysis calculates the actual percentage of accounts written off or designated as bad debt versus charity care while taking into account the total costs incurred by the hospital for each account analyzed.

3. Uncompensated Care and Community Benefit Expense (continued)

For the years ended September 30, 2013 and 2012, bad debt expense, at charges, was $98.6 million and $65.8 million, respectively. For the years ended September 30, 2013 and 2012, bad debt expense at cost was approximately $61.6 million and $36.0 million respectively. The bad debt expense is multiplied by the ratio of cost to charges for purposes of inclusion in the total uncompensated care amount identified above.

The Connecticut Disproportionate Share Hospital Program (CDSHP) was established to provide funds to hospitals for the provision of uncompensated care and is funded, in part, by a an assessment on hospital net patient service revenue. During the years ended September 30, 2013 and 2012, the System received $78.5 million and $97.8 million, respectively, in CDSHP distributions, of which approximately $47.3 million and $67.3 million was related to charity care. The System made payments into the CDSHP of $102.5 million and $85.5 million for the years ended September 30, 2013 and 2012, respectively, for the assessment.

Additionally, the System provides benefits for the broader community which includes services provided to other needy populations that may not qualify as poor but need special services and support. Benefits include the cost of health promotion and education of the general community, interns and residents, health screenings, and medical research. The benefits are provided through the community health centers, some of which service non-English speaking residents, disabled children, and various community support groups. The System voluntarily assists with the direct funding of several City of New Haven programs, including an economic development program and a youth initiative program.

In addition to the quantifiable services defined above, the System provides additional benefits to the community through its advocacy of community service by employees. The System's employees serve numerous organizations through board representation, membership in associations and other related activities. The System also solicits the assistance of other healthcare professionals to provide their services at no charge through participation in various community seminars and training programs.

4. Investments and Assets Limited as to Use

The composition of investments, including investments held by the Trust, amounts on deposit with trustee in debt service fund, and assets limited as to use is set forth in the following table (in thousands):

	September 30 2013	2012
Money market funds	**$ 205,455**	$ 242,850
U.S. equity securities	**84,286**	58,193
U.S. equity securities – common collective trusts	**20,059**	10,312
International equity securities[a]	**102,424**	74,038
Fixed income:		
U.S. government	**103,888**	119,404
U.S. government – common collective trusts	**98,138**	106,507
International government[b]	**72,106**	51,742
Corporate bonds	**20,562**	19,786
Mortgage backed securities	**44**	250
Commodities	**3,778**	4,242
Hedge funds:		
Absolute return[c]	**25,970**	69,807
Long/short equity[d]	**57**	13,941
Private equity	**7,227**	6,470
Real estate[e]	**12,031**	12,488
Interest in Yale University endowment pool[f]	**568,062**	408,438
Perpetual trusts[g]	**12,538**	12,127
Total	**$ 1,336,625**	$ 1,210,595

[a] Investments with external international equity and bond managers that are domiciled in the United States. Investment managers may invest in American or Global Depository Receipts (ADR, GDR) or in direct foreign securities.

[b] Investments with external commodities futures manager.

[c] Investment with external multi-strategy fund of funds manager investing in publicly traded equity and credit holdings which may be long or short positions

[d] Investment with an external long-short equity fund of funds manager with underlying portfolio investments consisting of publicly traded equity positions.

[e] Investments with external direct real estate managers and fund of funds managers. Investment vehicles include both closed end REITs and limited partnerships.

[f] Yale University Endowment Pool maintains a diversified investment portfolio, through the use of external investment managers operating in a variety of investment vehicles, including separate accounts, limited partnerships, and commingled funds. The pool combines an orientation to equity investments with an allocation to non-traditional asset classes such as an absolute return, private equity, and real assets.

[g] Investments consist of several domestic and international equity and fixed income mutual funds, REITs, commodities and money market funds. There is also an investment in a hedge fund of funds.

4. Investments and Assets Limited as to Use (continued)

Included in assets limited as to use at September 30, 2012, are funds to be used for the various renovations and expansion Y-NHH which was funded by the Series M bond (see Note 7). These funds consisted of money market funds of approximately $13.3 million at September 30, 2012. These funds were fully exhausted during the year ended September 30, 2013.

5. Property, Plant, and Equipment

Property, plant, and equipment is as follows (in thousands):

	September 30	
	2013	**2012**
Land, buildings, and improvements	**$ 1,537,530**	$ 1,443,207
Equipment	**1,216,242**	974,171
Assets recorded under capital leases	**70,262**	128,717
	2,824,034	2,546,095
Less accumulated depreciation and amortization	**1,290,209**	1,170,886
Property, plant, and equipment, net	**1,533,825**	1,375,209
Construction in progress	**44,054**	154,184
	$ 1,577,879	$ 1,529,393

6. Endowment

The System's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The System has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the System classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of

6. Endowment (continued)

subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment related to the System's beneficial interest in perpetual trusts made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the System in a manner consistent with the standard of prudence prescribed by CUPMIFA. In accordance with CUPMIFA, the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the System and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the System; and (7) the investment and spending policies of the System.

Changes in endowment net assets for the year ended September 30, 2013, are as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	**$ 38,118**	**$ 67,358**	**$ 68,405**	**$ 173,881**
Investment returns:				
Investment income	**95**	**1,058**	**–**	**1,153**
Net appreciation (realized and unrealized)	**7,302**	**7,485**	**322**	**15,109**
Total investment returns	**7,397**	**8,543**	**322**	**16,262**
Appropriation of endowment assets for expenditure	**(2,504)**	**(7,654)**	**–**	**(10,158)**
Other changes:				
Contributions	**–**	**2,588**	**1,041**	**3,629**
Change in value of beneficial interest trusts	**–**	**–**	**411**	**411**
Endowment net assets at end of year	**$ 43,011**	**$ 70,835**	**$ 70,179**	**$ 184,025**

6. Endowment (continued)

Changes in endowment net assets for the year ended September 30, 2012, are as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	$ 32,760	$ 64,452	$ 64,996	$ 162,208
Investment returns:				
Investment income	344	1,505	–	1,849
Net appreciation (realized and unrealized)	7,486	8,736	1,297	17,519
Total investment returns	7,830	10,241	1,297	19,368
Appropriation of endowment assets for expenditure	(2,472)	(7,420)	–	(9,892)
Other changes:				
Contributions	–	85	891	976
Change in value of beneficial interest trusts	–	–	1,221	1,221
Endowment net assets at end of year	$ 38,118	$ 67,358	$ 68,405	$ 173,881

	September 30 2013	2012
	(*In Thousands*)	
The portion of perpetual endowment funds subject to a time restriction under CUPMIFA:		
Without purpose restrictions	**$ 8,199**	$ 8,297
With purpose restrictions	**62,636**	59,061
Total endowment funds classified as temporarily restricted net assets	**$ 70,835**	$ 67,358

6. Endowment (continued)

Return Objectives and Risk Parameters

The System has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under these policies, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that over time provide a rate of return that meets the spending policy objectives adjusted for inflation. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the System relies on a total return strategies in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The System targets a diversified asset allocation that place greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

7. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes (in thousands):

	September 30	
	2013	**2012**
Specific hospital operations, teaching, research, indigent and free care, and training	**$ 103,061**	$ 87,565
Plant improvement and expansion	**10,200**	3,718
Other health care services and operations	**15,297**	13,574
	$ 128,558	$ 104,857

Permanently restricted net assets of approximately $70.2 million and $68.4 million at September 30, 2013 and 2012, respectively, consist of donor restricted endowment principal and beneficial interests in perpetual trusts. The income generated from permanently restricted funds is expendable for purposes designated by donors, including research, free care, health care, and other services.

8. Debt

A summary of long-term debt and capital lease obligations is as follows (in thousands):

	September 30	
	2013	**2012**
Revenue bonds financed with the State of Connecticut Health and Educational Facilities Authority (CHEFA):		
Series C (Greenwich Hospital) maturing July 1, 2026 (variable interest rates with an average rate of approximately 3.22% for fiscal 2013)	**$ 40,215**	$ 42,645
Series D (Bridgeport Hospital), maturing July 1, 2025, fixed interest ranging from 2.00% to 5.00%	**34,350**	36,415
Series J (Y-NHH), 5.12% effective interest rate	**156,120**	159,110
Series K (Y-NHH), 3.11% effective interest rate	**89,005**	94,955
Series L (Y-NHH), 3.68% effective interest rate	**107,460**	107,460
Series M (Y-NHH), 5.24% effective interest rate	**98,475**	100,175
Series N (Y-NHH), 4.27% effective interest rate	**44,815**	–
Series O (Y-NHH), 2.84% effective interest rate	**50,000**	–
Series 2013 taxable bonds (Y-NHH), 4.13% effective rate	**132,000**	–
Loans payable:		
Line of credit payable (Y-NHH)	**–**	187,000
Line of credit payable (Y-NHH)	**–**	25,000
Line of credit payable (Bridgeport Hospital)	**25,000**	–
Bank note payable (Y-NHH), 0.07% effective interest rate	**–**	40,000
Term loan – November 2010, (Bridgeport Hospital) 3.22% fixed interest rate	**4,940**	5,543
Term loan – June, 2012 (Bridgeport Hospital) 1.66% fixed interest rate	**4,167**	5,235
Note payable (Bridgeport Hospital) 6.0% fixed interest	**9,463**	–
Term loan (ASC)	**–**	226
Capital lease obligation – November 2010, (Y-NHH)	**–**	53,827
Capital lease obligation – December 2010, (Y-NHH)	**52,237**	53,702
Capital lease obligation (Bridgeport Hospital)	**95**	168
Capital lease obligations (York), at varying rates of imputed interest of 6.25%, collateralized by leased equipment	**4,162**	5,106
	852,504	916,567
Add premium	**14,079**	10,351
Less current portion	**(48,378)**	(107,903)
	$ 818,205	$ 819,015

8. Debt (continued)

In September 2006, Y-NHH issued Series J revenue bonds totaling approximately $280.9 million. The proceeds, including a premium of approximately $10.1 million, were used to finance a portion of the construction costs of the Cancer Hospital, and to pay for bond issuance costs. The bond premium was being amortized and was included in capitalized interest through March 2010. As of the opening of the Cancer Hospital, the bond premium was amortized in the statement of operations and changes in net assets. The Series J revenue bonds were issued in three sub-series as follows: (1) Series J-1, approximately $174.4 million, consisting of approximately $83.7 million of serial bonds and approximately $90.7 million in term bonds bearing interest at 5% per annum; (2) Series J-2, approximately $40.0 million of revenue bonds bearing interest at 3.65% at September 30, 2007; (3) Series J-3, approximately $66.5 million of revenue bonds bearing interest 3.70% at September 30, 2007. Series J-2 and J-3 revenue bonds were refunded during the year ended September 30, 2008 by the issuance of Series L revenue bonds.

In May 2008, Y-NHH issued Series K and Series L revenue bonds totaling approximately $216.6 million. The Series K revenue bonds were issued as Variable Rate Demand Bonds ("VRDBs") in two sub-series, Series K-1 and K-2, approximately $54.6 million each, with an effective rate of 0.1% in 2013 and 2012. The proceeds from the Series K issuance were used to refund the Series I revenue bonds. The Series L revenue bonds were issued as VRDBs in two sub-series, Series L-1 and L-2, approximately $53.7 million each, with an effective rate of 0.1% and 0.8% in 2013 and 2012, respectively. The proceeds from the Series L issuance were used to refund the Series J-2 and J-3 revenue bonds.

In December 2010, the Y-NHH issued Series M revenue bonds totaling approximately $104.4 million. The proceeds, including a premium of approximately $1.0 million, were used to finance costs for the expansion and renovations to the Adult Emergency Department, the purchase and installation of machinery and equipment, various renovations and improvements to Y-NHH's infrastructure, and to pay for bond issuance costs. The premium was being amortized and included in capitalized interest through December 2012. As of the completion of these projects, the bond premium was amortized in the statement of operations and changes in net assets. The Series M revenue bonds were issued as one series consisting of approximately $33.9 million of serial bonds bearing interest at 4.69%, and approximately $17.6 million, $17.8 million, and $35.1 million in term bonds bearing interest at 5.25%, 5.75%, and 5.50%, respectively, per annum.

8. Debt (continued)

In January 2013, Y-NHH issued Series N and Series O revenue bonds totaling approximately $100.0 million. The Series N revenue bonds were issued as fixed rate bonds with an effective interest rate of 4.27%. The Series O revenue bonds were issued as VRDBs with an effective interest rate of 2.84% at September 30, 2013. The proceeds, including a premium of approximately $5.2 million for the Series N revenue bonds, were used to refinance the line credit used to finance the acquisition of HSR. The bond premium was amortized as interest expense in the accompanying consolidated statement of operations and changes in net assets.

The Series K, Series L and Series O VRDBs are required to be supported by letter of credit facilities ("LOCs") which have been executed with three financial institutions. These LOCs are scheduled to expire on May 2, 2016, May 14, 2016, and February 14, 2018, respectively.

In January 2013, Y-NHH issued Series 2013 taxable bonds totaling approximately $132.0 million. The Series 2013 taxable bonds were issued as fixed rate bonds with an effective interest rate of 4.13%. The proceeds were used to finance and refinance the costs of certain projects and activities in furtherance of Y-NHH's tax exempt purpose including the refinancing of certain existing indebtedness.

On August 30, 2011, Y-NHH entered into a loan agreement with Bank of America, N.A. (the "Bank") for $40.0 million. Y-NHH agreed to repay the Bank the aggregate principal amount in five equal annual payments of $8.0 million, beginning on October 1, 2012. The loan bears interest at a rate equal to LIBOR plus 0.50% per annum with an option to convert to a fixed rate loan upon formal notification to the Bank, which may include a portion of or the total outstanding loan balance at the time notification is made. The loan was fully repaid by the issuance of the Series N, Series O, and Series 2013 bonds.

In July 2012, Y-NHH entered into a line of credit with the Bank in the amount of $27.0 million which was subsequently increased to $187.0 million upon the execution of the HSR asset purchase agreement. In July 2012, Y-NHH drew the unconditional loan of $27.0 million to outfit a new facility. In September 2012, Y-NHH drew the remaining $160.0 million to fund the acquisition of HSR. The line of credit requires Y-NHH to repay the Bank in 24 equal monthly installments commencing on August 1, 2013. The full amount of the remaining balance is due on July 12, 2015. This obligation bears interest at a rate equal to LIBOR plus 0.45% per annum. The line of credit was fully repaid and cancelled by the issuance of the Series N, Series O, and Series 2013 bonds.

8. Debt (continued)

In September 2012, Y-NHH drew on its $50.0 million line of credit with a bank, established in January 2012, in the amount of $25.0 million. This line of credit requires repayment of the aggregate principal amount on the 364th day subsequent to the advance. This obligation bears interest at a rate equal to LIBOR plus 0.50% per annum. The line of credit was repaid in December 2012.

On May 6, 2008, CHEFA issued $53.6 million of its Revenue Bonds on behalf of Greenwich Hospital, Series C, consisting of variable rate demand bonds. The proceeds were utilized for the refunding of the outstanding Series B revenue bonds. Principal amounts related to the Series C revenue bonds mature annually each July 1 through fiscal 2026. The effective interest rate of 3.22% is the result of the variable rate paid to bondholders, disclosed as interest expense of approximately $0.1 million, and net counterparty payments of approximately $1.3 million in connection with the interest rate swap included in non-operating gains and losses.

Bridgeport Hospital's Series A and C tax-exempt revenue bonds were issued through CHEFA under a Master Trust Indenture. These bonds are due serially or via mandatory sinking fund redemptions through July 1, 2025. The bonds are collateralized by a pledge of the gross receipts of Bridgeport Hospital and the Foundation (the Obligated Group), and a first mortgage on substantially all property, plant, and equipment of Bridgeport Hospital. The Master Trust Indenture also places certain limits on the incurrence of additional borrowings of the Obligated Group, and requires the Obligated Group to satisfy certain measures of financial performance while the revenue bonds are outstanding. The Bridgeport Hospital Series A and C bonds are insured by commercial bond insurers to maturity.

In November 2010, Bridgeport Hospital obtained a $6.6 million term loan from the State of Connecticut Health and Educational Facilities Authority (CHEFA). The proceeds of the loan are to be used for the purchase and installation of energy savings equipment and various renovations and improvements to Bridgeport Hospital's infrastructure. The loan is to be paid in monthly installments over 10 years at a fixed interest rate of 3.22%.

In May 2012, Bridgeport Hospital's Series D tax-exempt revenue bonds were issued through CHEFA under a Master Trust Indenture for approximately $36.4 million, with coupons ranging from 2.0% to 5.0%, and a final maturity of July 2025. The proceeds, including a premium of approximately $4.1 million, were held in an escrow account and used for the retirement of the outstanding Series A and C tax-exempt revenue bonds and to pay for certain bond issuance costs

8. Debt (continued)

of approximately $0.8 million. The bond premium is being amortized using the effective interest method and is included in interest expense in the accompanying statement of operations and changes in net assets. In connection with the refunding and refinancing, Bridgeport Hospital recognized a loss in 2012 of approximately $1.8 million principally related to the write-off of deferred financing costs.

In June 2012, Bridgeport Hospital obtained a $5.5 million term loan from CHEFA. The loan is to be paid in monthly installments over five years at a fixed rate of 1.66% with the proceeds to be used for medical and cafeteria equipment. The loan is secured by the equipment purchased with the proceeds of the loan.

In December 2012, in connection with the purchase of Russo Radiology, Bridgeport Hospital entered into a note payable with the seller in the amount of $14 million. The note is to be repaid in monthly installments over five years as disclosed in Note 1.

In September 2013, Bridgeport Hospital drew in full its $25 million line of credit with a bank. The bank line of credit requires payment of the outstanding principal amount twelve months subsequent to the initial advance. The obligation bears interest at a rate equal to one month LIBOR plus 1.50% per annum.

The terms of the various financing arrangements between CHEFA and the System, the financial institutions providing the LOCs and the System, and the Bank and the System provide for financial covenants regarding the System's debt service coverage ratio, liquidity ratio, and debt to capitalization ratio, among others. As of September 30, 2013 and 2012, the System was in compliance with such covenants.

Required monthly payments on the revenue bonds by the System to a trustee are in amounts sufficient to provide for the payments of principal, interest, and sinking fund installments, as well as required payments to certain reserve funds held by the trustee, in accordance with terms of the agreements, and certain other annual costs of CHEFA.

8. Debt (continued)

Scheduled principal payments on all long-term debt, including capital lease obligations, are as follows (in thousands):

	Debt	Capital Lease Obligations
Year ending September 30:		
2014	$ 45,737	$ 5,997
2015	22,277	6,197
2016	19,277	6,243
2017	20,861	5,680
2018	19,168	4,880
Thereafter	668,690	58,930
	$ 796,010	87,927
Less interest		(31,433)
		$ 56,494

Capitalized interest at September 30, 2013 and 2012, totaled $27.0 million and $26.9 million, respectively.

Y-NHH has entered into interest rate swap agreements with financial institutions related to the Y-NHH's Series K and Series L debt, and future obligations. The Series K and Series L swaps were carried over as part of the refunding of the Series I and Series J debt. On September 20, 2012, Y-NHH entered into a Forward Starting Interest Rate swap (the "Series O swap"), a LIBOR Swap Rate Lock and a SIFMA Rate Lock swap with two different counterparties. The agreements require Y-NHH to pay a fixed rate and receive a floating rate based on LIBOR or SIFMA. The change in market value, as well as the net interest paid or received under the swap agreement, for the Series J/Series L swap has been capitalized as part of the interest costs related to construction of the Cancer Hospital until construction was complete. Once the Cancer Hospital became operational these amounts were recorded in the statements of operations.

In connection with its Series C revenue bonds, Greenwich Hospital entered into an interest rate swap agreement (the swap) with a financial institution. Under the terms of the swap, Greenwich Hospital will receive variable interest payments and pay fixed interest payments on a notional value of $27.4 million.

8. Debt (continued)

The swap agreements fix the interest rate at a level viewed as desirable by the System. Such agreements expose the System to credit risk in the event of non-performance by the counterparties, some of which is collateralized. At September 30, 2013 and 2012, the fair value of the swap agreements based on current interest rates was approximately $26.5 million and $45.7 million, respectively, representing a payable to the counterparties (recorded in other long-term liabilities).

For the Y-NHH Series K swap, there was a favorable change in fair value of approximately $4.5 million for the year ended September 30, 2013, and an unfavorable change in fair value of approximately $0.9 million for the year ended September 30, 2012, which was recorded in the excess of revenue over expenses. As a result of the unfavorable change in market value of the Series K swap for the year ended September 30, 2012, $4.6 million was collateralized by Y-NHH and was held by the financial institution as of September 30, 2012, as required by the swap agreement. No collateral was required under the Series K swap agreement for the year ended September 30, 2013.

For the Y-NHH Series L swap, there was a favorable change in fair value of approximately $7.5 million for the year ended September 30, 2013, and an unfavorable change in fair value of approximately $2.0 million for the year ended September 30, 2012, which was recorded in the excess of revenue over expenses. No collateral was required under the Series L swap agreement for the years ended September 30, 2013 and 2012.

For the Y-NHH Series O swap and the Y-NHH LIBOR Swap Rate Lock swap, there was a favorable change in fair value of $2.2 million and $1.0 million, respectively, for the year ended September 30, 2013 which was recorded in excess of revenue over expenses. For the Y-NHH Series O swap, the LIBOR Swap Rate Lock and the Y-NHH SIFMA Rate Lock swaps, there was an unfavorable change in fair value of $1.0 million, $1.9 million, and $1.6 million, respectively, for the year ended September 30, 2012, which was recorded in excess of revenue over expenses. In February 2013, the Y-NHH SIFMA Rate Lock swap and the Y-NHH LIBOR Swap Rate Lock were terminated. Upon termination, gains of $0.8 million and $4.5 million, respectively, were recorded in non-operating gains and losses, net.

For Greenwich Hospital's swap, there was a favorable change in fair value of approximately $2.3 million for the year ended September 30, 2013 and an unfavorable change in fair value of $0.4 million for the year ended September 30, 2012, which were recorded in the excess of

8. Debt (continued)

revenue over expenses. Although an unfavorable change in market value of the Series C swap occurred during the year ended September 30, 2012, the terms of the swap agreement have not required Greenwich Hospital to collateralize funds to be held by the financial institution as of September 30, 2013 and 2012.

The following table summarizes the System's interest rate swap agreements (in thousands):

Swap Type	Expiration Date	System Receives	System Pays	Notional Amount at September 30 2013	2012
Series K – fixed to floating	July 1, 2025	LIBOR	3.11%	**$ 59,987**	$ 63,977
Series L – fixed to floating	July 1, 2036	LIBOR	3.68%	**44,505**	44,505
Forward starting interest rate swap	July 1, 2053	67% of LIBOR	2.84%	**50,000**	50,000
LIBOR Swap Rate Lock	July 1, 2043	LIBOR	2.73%	**–**	92,000
SIFMA Rate Lock	July 1, 2048	SIFMA	2.66%	**–**	50,000
Series B – fixed to floating (Greenwich Hospital)	July 1, 2026	LIBOR	3.10%	**27,400**	29,100
				$ 181,892	$ 329,582

For the years ended September 30, 2013 and 2012, the System paid approximately $25.0 million and $19.3 million, respectively, for interest related to long-term debt and capital lease obligations.

Arbitrage rules apply to tax-exempt debt issued after August 31, 1986. The rules require that, in specified circumstances, earnings from the investment of tax-exempt bond proceeds which exceed the yield on the bonds must be remitted to the Federal government.

Y-NHH has entered into a contract to lease space in a building adjacent to Y-NHH. Y-NHH's rental obligation commenced in December 2009. This lease has a term of twenty years from the commencement date with the option to extend the lease for four successive terms of ten years. Rental payments increase by 5% every five years. Y-NHH is also subject to additional rent for its share of expenses, as defined in the contract. Y-NHH has the option to purchase the property at the end of the fifth, tenth, or twentieth year or at the end of each of the first three ten-year extension periods.

8. Debt (continued)

In January 2013, Y-NHH entered into a transaction in connection with a building at 2 Howe Street, New Haven, Connecticut which was previously accounted for by Y-NHH as a capital lease. Under the terms of the capital lease, Y-NHH was obligated to purchase the building after an initial lease term of 3 years. In satisfaction of that obligation, Y-NHH purchased the building and immediately sold the building to a third-party investor. Y-NHH currently leases the building from the investor under a long-term operating lease. Y-NHH owns the land on which the building is located and has entered into a prepaid long-term ground lease with the investor.

Assets recorded under the capital lease obligations totaled $70.5 million and $128.2 million as of September 30, 2013 and 2012, respectively. Accumulated depreciation for the capital lease obligations totaled $16.8 million and $18.0 million at September 30, 2013 and 2012, respectively.

9. Pensions and Postretirement Benefits

The System has qualified and non-qualified defined benefit pension plans covering substantially all employees and executives. The benefits provided are based on age, years of service, and compensation. The System's policy is to fund the pension benefits with at least the minimum amounts required by the Employee Retirement Income Security Act of 1974.

The System also sponsors contributory 403(b) plans and 401(k) plans covering substantially all employees. Employer contributions for certain 403(b), made to a matching 401(a) plan, and 401(k) plans are determined based on employee contributions and years of service. The System contributed approximately $34.5 million and $29.2 million for the years ended September 30, 2013 and 2012, respectively.

YNHNC maintains a Section 457 non-qualified deferred compensation plan. Contributions are made on a pre-tax basis. The balances recorded at September 30, 2013 and 2012, in other assets and other long-term liabilities were approximately $27.3 million and $21.7 million, respectively.

On June 30, 2006, Bridgeport Hospital and certain other affiliates of BHHS froze their defined benefit plan. On October 1, 2006, Bridgeport Hospital and certain other affiliates of BHHS instituted a defined contribution plan.

9. Pensions and Postretirement Benefits (continued)

Effective as of December 31, 2006, Greenwich Hospital amended its defined benefit pension plan to freeze benefits for employees who were under age 50 with less than five years of service. Effective January 1, 2007, Greenwich Hospital began providing a matching contribution and a length of service contribution, in addition to its incentive contribution, for its defined contribution plan for all employees no longer accruing benefits under the defined benefit plan. Employees who were age 50 or older with five years of service continue to accumulate benefits under the defined benefit plan, and do not participate in the defined contribution plan.

Effective September 30, 2013, the Y-NHH qualified defined benefit pension plan and the 401(a) plan were amended to reduce the percentage of compensation contributed by Y-NHH to the qualified defined benefit pension plan and to increase the percentage of compensation contributed by Y-NHH to the 401(a) plan for the plan years commencing after December 1, 2013. The amendment to the qualified defined benefit pension plan resulted in a decrease to the projected benefit obligation at September 30, 2013 of approximately $23.9 million.

YNHNC and GHCS also provide certain health care and life insurance benefits upon retirement to substantially all their employees. YNHNC's and GHCS's policy is to fund these annual costs as they are incurred from the general assets of YNHNC and GHCS. The estimated cost of these postretirement benefits is actuarially determined, and accrued over the employees' service periods.

Included in unrestricted net assets at September 30, 2013 and 2012, are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service credit of approximately $23.8 million and $0.1 million, respectively, and unrecognized actuarial losses of approximately $234.1 million and $354.2 million, respectively. The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending September 30, 2014, are approximately $1.9 million and $12.3 million, respectively.

9. Pensions and Postretirement Benefits (continued)

The following table sets forth the change in benefit obligations, change in the plans' assets, and the reconciliation of underfunded status of the System's defined benefit plans as of September 30, 2013 and 2012 (in thousands):

	Defined Benefit Pension Plans		Postretirement Benefits Plan	
	2013	**2012**	**2013**	**2012**
Change in benefit obligation:				
Benefit obligation at prior measurement date	**$ 868,077**	$ 739,038	**$ 79,630**	$ 63,687
Service cost	**39,116**	25,048	**5,080**	3,442
Interest cost	**32,096**	35,630	**3,135**	3,183
Plan amendments	**(23,836)**	–	**–**	–
Actuarial (gain) loss	**(77,027)**	104,724	**(18,428)**	10,588
Benefits paid	**(33,708)**	(36,363)	**(1,513)**	(1,270)
Benefit obligation at current measurement date	**804,718**	868,077	**67,904**	79,630
Change in plans' assets:				
Fair value of assets at prior measurement date	**543,351**	455,016	**–**	–
Actual return on plans' assets	**46,013**	59,434	**–**	–
Employer contributions	**50,059**	65,264	**1,513**	1,270
Benefits paid	**(33,708)**	(36,363)	**(1,513)**	(1,270)
Fair value of plans' assets at current measurement date	**605,715**	543,351	**–**	–
Accrued benefit cost	**$ (199,003)**	$ (324,726)	**$ (67,904)**	$ (79,630)

9. Pensions and Postretirement Benefits (continued)

The accrued benefit cost included in the consolidated balance sheets includes the following (in thousands):

	Accrued Pension and Postretirement Obligations		Fair Value of Plans' Assets	
	2013	**2012**	**2013**	**2012**
YNHNC and Subsidiaries – accrued pension and postretirement obligations	**$ (200,082)**	$ (283,151)	**$ 313,730**	$ 271,952
Bridgeport Hospital – accrued pension and postretirement obligations	**(42,945)**	(67,041)	**136,660**	132,485
Greenwich Hospital – accrued pension and postretirement obligations	**(23,880)**	(54,164)	**155,325**	138,914
	$ (266,907)	$ (404,356)	**$ 605,715**	$ 543,351

Benefit Obligation and Assumptions

The projected benefit obligation, accumulated benefit obligation, and fair value of the plans' assets were as follows (in thousands):

	September 30	
	2013	**2012**
Projected benefit obligation	**$ (804,718)**	$ (868,077)
Accumulated benefit obligation	**(732,493)**	(782,254)
Fair value of plans' assets	**605,715**	543,351

9. Pensions and Postretirement Benefits (continued)

As of September 30, 2013 and 2012, the underfunded status of the qualified defined benefit pension plans was approximately $154.7 million and $275.3 million, respectively, and that of the non-qualified defined benefit pension plan was approximately $44.3 million and $49.4 million, respectively. Additionally, there are assets limited as to use of approximately $69.4 million and $64.7 million, which are available to satisfy the obligations of the non-qualified defined benefit pension plan at September 30, 2013 and 2012, respectively.

The net periodic benefit cost for the years ended September 30, 2013 and 2012, is as follows (in thousands):

	Defined Benefit Pension Plans		Postretirement Benefits Plan	
	2013	**2012**	**2013**	**2012**
Service cost	**$ 39,116**	$ 25,048	**$ 5,080**	$ 3,442
Interest cost	**32,096**	35,630	**3,135**	3,183
Expected return on plan assets	**(42,347)**	(40,611)	**–**	–
Amortization of prior service cost	**(287)**	(456)	**85**	259
Recognized net actuarial loss	**20,333**	10,011	**703**	–
Net periodic benefit cost	**$ 48,911**	$ 29,622	**$ 9,003**	$ 6,884

Weighted-average assumptions used to determine benefit obligations at September 30, 2013 and 2012, are as follows:

	Defined Benefit Pension Plans		Postretirement Benefits Plan	
	2013	**2012**	**2013**	**2012**
Discount rate for determining benefit obligations at year-end, qualified plan	**4.8-4.9%**	3.6% – 4.0%	**4.9%**	4.0%
Discount rate for determining benefit obligations at year-end, non-qualified plan	**4.9%**	4.0%	–	–
Rate of compensation increase	**3.5-5.0%**	3.5% – 5.0%	–	–

9. Pensions and Postretirement Benefits (continued)

Weighted-average assumptions used to determine net periodic benefit cost for the years ended September 30, 2013 and 2012 are as follows:

	Defined Benefit Pension Plans		Postretirement Benefits Plan	
	2013	**2012**	**2013**	**2012**
Discount rate for determining net periodic benefit cost at year-end, qualified plan	**3.6-4.0%**	4.8 – 5.2%	**4.0%**	5.1%
Discount rate for determining net periodic benefit cost at year-end, non-qualified plan	**4.0%**	5.1%	–	–
Expected rate of return on plan assets	**6.75-7.75**	6.75 – 7.75	–	–
Rate of compensation increase	**3.5-5.0%**	3.25% – 5.0%	–	–

For measurement purposes relating to the postretirement benefits plan, a 6.0% and 7.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for fiscal 2013 and fiscal 2012, respectively. Rates are assumed to decline to 4.0% through fiscal 2014.

Assumed health care cost trend rate assumptions have a significant effect on the amounts reported. A 1% change in the assumed health care cost trend rate would have the following effects (in thousands):

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 9	$ (11)
Effect on postretirement benefit obligations	162	(153)

9. Pensions and Postretirement Benefits (continued)

The asset allocation of the System's pension plans at September 30, 2013 and 2012, on a combined basis, was as follows:

Asset Category	Target Allocation	Percentage of Assets	
	2014	2013	2012
Equity securities	35-90%	**44%**	39%
Debt securities	10-40%	**26**	34
Real assets	0-26%	**18**	17
All other assets	0-22%	**12**	10
		100%	100%

Financial assets carried at fair value, as of September 30, 2013, are classified in the following tables (see Note 15 for description) (in thousands):

	September 30, 2013			
	Level 1	Level 2	Level 3	Total
Money market funds	**$ 14,883**	**$ –**	**$ –**	**$ 14,883**
U.S. equity securities	**109,945**	**23,664**	**–**	**133,609**
International equity securities	**93,715**	**38,332**	**–**	**132,047**
Fixed income:				
U.S. government	**68,129**	**–**	**–**	**68,129**
Corporate debt	**52,207**	**–**	**–**	**52,207**
International government	**25,146**	**8,297**	**–**	**33,443**
Commodities	**13,396**	**–**	**10,718**	**24,114**
Private equity	**–**	**–**	**10,986**	**10,986**
Hedge funds:				
Absolute return	**–**	**18,452**	**14,990**	**33,442**
Multi strategy/other	**–**	**44,905**	**10,505**	**55,410**
Long/short equity	**–**	**26,034**	**–**	**26,034**
Real estate	**3,348**	**–**	**18,063**	**21,411**
Total investments	**$ 380,769**	**$ 159,684**	**$ 65,262**	**$ 605,715**

9. Pensions and Postretirement Benefits (continued)

Financial assets carried at fair value, as of September 30, 2012, are classified in the following tables (see Note 15 for description) (in thousands):

	September 30, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 24,762	$ –	$ –	$ 24,762
U.S. equity securities	91,135	22,026	–	113,161
International equity securities	71,278	30,433	–	101,711
Fixed income:				
U.S. government	81,585	–	–	81,585
Corporate debt	63,858	–	–	63,858
International government	23,260	6,425	–	29,685
Commodities	8,079	–	10,707	18,786
Private equity	–	–	8,828	8,828
Hedge funds:				
Multi strategy/other	–	–	8,689	8,689
Absolute return	–	48,288	10,579	58,867
Long/short equity	–	16,635	–	16,635
Real estate	–	–	16,784	16,784
Total investments	$ 363,957	$ 123,807	$ 55,587	$ 543,351

The following is a rollforward of the pension assets classified as Level 3 of the valuation hierarchy as described in Note 15 (in thousands):

	Commodities	**Private Equity**	**Real Estate**	**Hedge Funds**	**Total**
Fair value at September 30, 2011	$ 9,982	$ 7,775	$ 15,627	$ 16,653	$ 50,037
2012 Realized and unrealized gains and losses	361	1,199	183	4,099	5,842
2012 Purchases	897	(99)	2,078	8,500	11,376
2012 Sales	(533)	(47)	(1,104)	(9,984)	(11,668)
Fair value at September 30, 2012	10,707	8,828	16,784	19,268	55,587
2013 Realized and unrealized gains and losses	**(249)**	**1,612**	**1,058**	**1,801**	**4,222**
2013 Purchases	**748**	**938**	**2,334**	**8,150**	**12,170**
2013 Sales	**(488)**	**(392)**	**(2,113)**	**(3,724)**	**(6,717)**
Fair value at September 30, 2013	**$ 10,718**	**$ 10,986**	**$ 18,063**	**$ 25,495**	**$ 65,262**

9. Pensions and Postretirement Benefits (continued)

The System's investment strategy for its pension assets balances the liquidity needs of the pension plans with the long-term return goals necessary to satisfy future pension obligations. The target asset allocation seeks to capture the equity premium granted by the capital markets over the long-term while ensuring security of principal to meet near term expenses and obligations through the fixed income allocation. The allocation of the investment pool to various sectors of the markets is designed to reduce volatility in the portfolio.

The System's pension portfolios return assumption of 7.75% is based on the targeted weighted-average return of comparative market indices for the asset classes represented in the portfolio and discounted for pension expenses.

The future cash flows of the System relative to retirement benefits are expected to be as follows (in thousands):

	Defined Benefit Pension Plans	Postretirement Benefit Plan
Estimated benefit payments related to years ending September 30:		
2014	$ 38,437	$ 2,349
2015	41,636	2,540
2016	43,298	2,762
2017	46,270	3,047
2018	49,622	3,377
2019 to 2023	292,475	22,967

The System expects to make contributions of approximately $43.8 million for pension benefits and $2.2 million for postretirement benefits in fiscal 2014.

10. Professional Liability Insurance

In 1978, Y-NHH and a number of other academic medical centers formed The Medical Centre Insurance Company Ltd. (the Captive) to insure for professional and comprehensive general liability risks. In 1997, the Captive formed MCIC Vermont, Inc. (MCIC) to write direct insurance for the professional and general liability risks of the shareholders. Since 1997, the Captive has acted as a reinsurer for varying levels of per claim limit exposure. MCIC has reinsurance coverage from outside reinsurers for amounts above the per claim limits. Premiums are based on modified claims made coverage, and are actuarially determined based on actual experience of the System, the Captive, and MCIC.

Y-NHH controls less than 20% of the Class A stock of MCIC; however, for accounting purposes the investment in the insurance companies is recorded on the equity method because of contractual agreements.

The System entities participate in the Y-NHH insurance program as additional insureds. All System entities initially pay premiums to Y-NHHSC. Y-NHHSC generally assumes the responsibility for ensuring that all the System members pay all premiums owed by them to MCIC. Y-NHHSC manages MCIC's operations for all other System members.

MCIC's policy is to establish retrospective-related premiums for its shareholders equivalent to estimated losses and general and administrative expenses, less estimated investment income, so that its results of operations are breakeven each year. The System accrues premiums as incurred.

The estimate for modified claims-made professional liabilities and the estimate for incidents that have been incurred but not reported aggregated approximately $182.3 million and $155.5 million at September 30, 2013 and 2012, respectively for the System. The undiscounted estimate for incidents that have been incurred but not reported aggregated approximately $53.4 million and $49.8 million for the System at September 30, 2013 and 2012, respectively, and is included in professional insurance liabilities in the accompanying consolidated balance sheets at the actuarially determined present value of approximately $47.8 million and $46.1 million, respectively, based on a discount rate of 2.5% and 3.0% for the years ended September 30, 2013 and 2012, respectively.

10. Professional Liability Insurance (continued)

The System has recorded related insurance recoveries receivable of approximately $134.5 million and $109.4 million at September 30, 2013 and 2012, respectively, in consideration of the expected insurance recoveries for the total discounted modified claims-made insurance. The current portion of professional liabilities and the related insurance receivable represents an estimate of expected settlements and insurance recoveries over the next 12 months.

Lukan, the Y-NHH sponsored professional liability program, continues to manage all incidents and claims reported to Lukan prior to the acquisition of SRHS, as well as extending professional liability coverage for post acquisition risks to certain affiliated community clinicians.

Prior to the acquisition of SRHS, Caritas provided excess professional liability and general liability insurance to SRHS and their employed clinicians. Caritas continues to manage all incidents and claims reported prior to the acquisition of SRHS.

Caritas and Lukan have recorded the undiscounted estimate for incidents that have been incurred but not reported of approximately $38.7 million and $36.6 million at September 30, 2013 and 2012, respectively, and are included in professional liabilities in the accompanying consolidated statements of financial position.

The System's estimates for professional insurance liabilities are based upon complex actuarial calculations which utilize factors such as historical claims experience for the System and related industry factors, trending models, estimates for the payment patterns of future claims and present value discount factors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known or when changes are anticipated.

11. Commitments and Contingencies

Leases

The System leases various equipment and properties under several non-cancelable operating leases that range in terms. The System is responsible for operating expenses, as defined, during the lease terms. Future minimum lease payments under these leases are as follows (in thousands):

2014	$ 27,391
2015	21,839
2016	20,218
2017	16,574
2018	11,684
Thereafter	102,870
	$ 200,576

The System incurred rent expense under these leases of approximately $35.1 million and $27.0 million for the years ended September 30, 2013 and 2012, respectively.

Cancer Hospital

Y-NHH has a shared facilities and services agreement with in connection with the Cancer Hospital which is recorded as deferred revenue. Deferred revenue, from this agreement, at September 30, 2013 and 2012, was $45.2 million and $46.6 million, respectively.

Litigation

Various lawsuits and claims arising in the normal course of operations are pending, or are in progress against the System. Such lawsuits and claims are either specifically covered by insurance as explained in Note 11, or are deemed immaterial. While the outcomes of the lawsuits and claims cannot be determined at this time, management believes that any loss which may arise from these actions will not have a material adverse effect on the consolidated financial position or changes in net assets of the System.

11. Commitments and Contingencies (continued)

The System has received requests for information from certain governmental agencies relating to, among other things, patient billings. These requests cover several prior years relating to compliance with certain laws and regulations. Management is cooperating with those governmental agencies in their information requests and ongoing investigations. The ultimate results of those investigations, including the impact on the System, cannot be determined at this time.

12. Functional Expenses

The System provides general acute health care services to residents within its geographic areas. Net expenses related to providing these services are as follows (in thousands):

	Year Ended September 30	
	2013	**2012**
Health care services	**$ 2,691,443**	$ 2,031,370
General and administrative	**452,729**	394,803
	$ 3,144,172	$ 2,426,173

13. Other Revenue

Other revenue consisted of the following (in thousands):

	Year Ended September 30	
	2013	**2012**
Cafeteria and vending	**$ 13,758**	$ 10,926
Contributions	**3,924**	2,960
Parking income	**7,954**	5,496
Net assets released from restrictions for operations	**12,789**	11,696
Net assets released from restrictions for free care	**779**	889
Net assets released from restrictions for medical research and clinical programs	**9,498**	12,804
Grants	**19,346**	19,932
Rental income	**3,694**	3,545
Electronic health records incentive payment	**10,659**	6,417
Pediatric ancillary services	**9,569**	5,901
Investment income	**311**	4,464
Foundation distributed income	**2,400**	2,472
Other	**23,891**	17,399
	$ 118,572	$ 104,901

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2012 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. In subsequent years, providers must demonstrate meaningful use of such technology to qualify for additional Medicaid incentive payments. Hospitals that do not successfully demonstrate meaningful use of EHR technology are subject to payment penalties or downward adjustments to their Medicare payments beginning in federal fiscal year 2015.

13. Other Revenue (continued)

The System uses a grant accounting model to recognize revenue for the Medicare and Medicaid EHR incentive payments. Under this accounting policy, EHR incentive payment revenue is recognized when the System is reasonably assured that the EHR meaningful use criteria for the required period of time were met and that the grant revenue will be received. Medicare EHR incentive payment revenue was approximately $8.0 million and $2.0 million for the years ended September 30, 2013 and 2012, respectively, and Medicaid EHR incentive payment revenue was approximately $2.7 million $4.4 million, respectively, for the years ended September 30, 2013 and 2012. EHR incentive payment revenue is included in other revenue in the accompanying consolidated statement of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were calculated. Additionally, the System's attestation of compliance with the meaningful use criteria is subject to audit by the federal government.

14. Non-Operating Gains and Losses, Net

Non-operating gains and losses consisted of the following (in thousands).

	Year Ended September 30	
	2013	**2012**
Income from investments, donations and other, net	**$ (5,046)**	$ (12,909)
Change in unrealized gains and losses on investments	**58,607**	54,506
Change in fair value of swap, including counterparty payments	**17,597**	(14,323)
Acquisition costs related to Saint Raphael Healthcare System	**(196)**	(22,103)
FICA Tax Refund	**(127)**	4,920
	$ 70,835	$ 10,091

15. Fair Values of Financial Instruments

In determining fair value, the System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The System also considers non-performance risk in the overall assessment of fair value.

15. Fair Values of Financial Instruments (continued)

ASC No. 820-10 establishes a three-tier valuation hierarchy for fair value disclosure purposes. This hierarchy is based on the transparency of the inputs utilized for the valuation. The three levels are defined as follows:

Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. This established hierarchy assigns the highest priority to Level 1 assets.

Level 2: Observable inputs that are based on data not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs that are used when little or no market data is available. The Level 3 inputs are assigned the lowest priority.

Financial assets and liabilities carried at fair value as of September 30, 2013 and 2012, are classified in the following tables in one of the three categories described above (in thousands):

	September 30, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 130,847**	**$ –**	**$ –**	**$ 130,847**
Money market funds	**205,455**	**–**	**–**	**205,455**
U.S. equity securities	**68,466**	**–**	**–**	**68,466**
International equity securities	**72,842**	**–**	**–**	**72,842**
Fixed income:				
U.S. government	**103,888**	**–**	**–**	**103,888**
Corporate bonds	**20,562**	**–**	**–**	**20,562**
Mortgage backed securities	**44**	**–**	**–**	**44**
International government	**43,605**	**28,501**	**–**	**72,106**
Beneficial interest in remainder trust	**1,832**	**–**	**–**	**1,832**
Commodities	**691**	**–**	**–**	**691**
Real estate	**725**	**–**	**–**	**725**
Interest in Yale University endowment pool	**–**	**–**	**568,062**	**568,062**
Investments at fair value	**$ 648,957**	**$ 28,501**	**$ 568,062**	**1,245,520**
Common collective trusts				**118,197**
Alternative investments				**93,049**
Perpetual trusts				**12,538**
Investments not at fair value				**223,784**
Total investments				**$ 1,469,304**
Liabilities:				
Interest rate swaps	**$ –**	**$ (26,489)**	**$ –**	**$ (26,489)**

15. Fair Values of Financial Instruments (continued)

	September 30, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 106,653	$ –	$ –	$ 106,653
Money market funds	242,850	–	–	242,850
U.S. equity securities	49,580	–	–	49,580
International equity securities	47,153	–	–	47,153
Fixed income:		–	–	
U.S. government	119,404	–	–	119,404
Corporate bonds	19,786	–	–	19,786
Mortgage backed securities	250	–	–	250
International government	31,246	20,496	–	51,742
Beneficial interest in remainder trust	1,641	–	–	1,641
Commodities	769	–	–	769
Real estate	622	–	–	622
Interest in Yale University endowment pool	–	–	408,438	408,438
Investments at fair value	$ 619,954	$ 20,496	$ 408,438	1,048,888
Common collective trusts				116,819
Alternative investments				141,055
Perpetual trusts				12,127
Investments not at fair value				270,001
Total investments				$ 1,318,889
Liabilities:				
Interest rate swaps	$ –	$ (45,686)	$ –	$ (45,686)

The amounts reported in the tables as detailed above do not include assets invested in the System's defined benefit pension plan. In addition, included in the tables above at September 30, 2013 and 2012, are investments in common collective trusts totaling approximately $118.2 million and $116.8 million, respectively, other alternative investments totaling approximately $93.0 million and $141.1 million, respectively, and other perpetual trusts totaling approximately $12.5 million and $12.1 million that are accounted for under the equity method of accounting (see Note 1). The beneficial interest in remainder trust listed in the above tables are included in other assets. The interest rate swaps listed above are classified in the accompanying balance sheet as "other long-term liabilities" at September 30, 2013 and 2012.

15. Fair Values of Financial Instruments (continued)

The following is a rollforward of assets classified as Level 3 of the valuation hierarchy:

Interest in Yale University Endowment Pool	
Fair value at September 30, 2011	$ 317,680
2012 unrealized gains and losses	57,633
2012 sales	(16,875)
2012 purchases	50,000
Fair value at September 30, 2012	408,438
2013 unrealized gains and losses	**59,624**
2013 Purchases	**100,000**
Fair value at September 30, 2013	**$ 568,062**

The following is a summary of total investments as of September 30, 2013, with restrictions to redeem the investments at the measurement date, any unfunded capital commitments and investment strategies of the investees (in thousands):

Description of Investment	Carrying Value	Unfunded Commitments	Redemption Frequency	Notice Period	Funds Availability
Private equity	$ 7,227	$ 1,218	N/A	N/A	N/A
Global equity	7,097	–	30 days	3 years	N/A
Hedge funds:					
Absolute return	2,745	–	N/A	N/A	N/A
Real estate	9,590	3,231	N/A	N/A	N/A
Commodities	396	–	N/A	N/A	N/A

The fair value of long-term debt was approximately $770.1 million and $832.6 million at September 30, 2013 and 2012, respectively. The fair value of the capital leases was approximately $55.5 million and $117.7 million at September 30, 2013 and 2012, respectively.

16. Medical Residents FICA Tax Refund

In March 2010, the Internal Revenue Service (IRS) announced that, for periods ending before April 1, 2005, medical residents would be eligible for student exception of Federal Insurance Contributions Act (FICA) taxes. Under the student exception, FICA taxes do not apply to wages for services performed by students employed by a school, college, or university where the student is pursuing a course of study. As a result, the IRS will allow refunds for institutions that file timely FICA refund claims and provide certain information to meet the requirements of perfection, established by the IRS, for their claims applicable to periods prior to April 1, 2005. Institutions are potentially eligible for medical resident FICA refunds for both the employer and employee portions of FICA taxes paid, plus statutory interest. For the year ended September 30, 2013, Y-NHH recorded estimated net revenue of $4.9 million in non-operating gains and losses, related to FICA medical resident refunds claims that have met the IRS refund requirements. At September 30, 2012, Y-NHH recorded a net receivable of approximately $18.2 million included in other assets and a payable of approximately $13.8 million included in other long-term liabilities at September 30, 2012. Y-NHH collected approximately $18.1 million and paid approximately $13.8 million in 2013. Y-NHH has established its estimate based on information presently available and this estimate is subject to change as the IRS adjudicates the claims.

17. Subsequent Events

Subsequent events have been evaluated through December 23, 2013, which is the date the financial statements were available to be issued. No events have occurred, except those disclosed below, that require disclosure or adjustment of the financial statements.

In November 2013, Bridgeport Hospital entered into an arrangement with a developer to construct a 120,000 square foot medical office building and adjacent garage in Fairfield County, CT. The arrangement contains provisions for Bridgeport Hospital to begin leasing the property for a 25-year period beginning November, 2015. Management has evaluated the terms of the arrangement and anticipates the project will be recorded as a capital lease. Upon completion, management estimates the capital lease obligation will be approximately $102 million.

On October 11, 2013, Y-NHH acquired all of the business, assets, and operations, of the Saint Raphael Magnetic Resonance Partnership (“SRMP”). SRMP provides radiology services to patients in the New Haven area. Fifty percent of the interest in SRMP was acquired from an unrelated third party for $3.9 million and the remaining 50% will be transferred to Y-NHH from ASC, who acquired a 50% interest in SRMP on September 12, 2012 as part of the SRHS acquisition described in Note 1.

Supplementary Information

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Report of Independent Auditors on Supplementary Information

Board of Directors
Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of Yale New Haven Health System and Subsidiaries as of and for the years ended September 30, 2013 and 2012, and have issued an unmodified report thereon dated December 23, 2013. The accompanying consolidating balance sheets and consolidating statement of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statement as a whole.

Ernst & Young LLP

December 23, 2013

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidating Balance Sheet

September 30, 2013

	Yale New Haven Health Services Corporation	NEMG	Y-NHH-MSO, Inc.	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Greenwich Health Care Services, Inc. and Subsidiaries	Eliminations	Total
				(In Thousands)				
Assets								
Current assets:								
Cash and cash equivalents	$ 13,104	$ 11,005	$ 221	$ 46,312	$ 30,636	$ 29,569	$ –	$ 130,847
Short-term investments:	7,146	–	–	709,453	64,307	36,063	–	816,969
Accounts receivable for services to patients, less allowance for uncollectible accounts, charity, and free care	–	7,360	–	238,901	51,432	37,281	–	334,974
Professional liabilities insurance recoveries receivable – current portion	–	–	–	21,142	10,552	6,570	–	38,264
Other current assets	98,220	2,761	147	111,727	17,755	15,029	(157,728)	87,911
Amounts on deposit with trustee in debt service fund	–	–	–	7,176	–	–	–	7,176
Total current assets	118,470	21,126	368	1,134,711	174,682	124,512	(157,728)	1,416,141
Assets limited as to use	–	–	–	84,095	–	90,376	–	174,471
Long-term investments	11,181	–	–	214,382	53,099	59,347	–	338,009
Deferred financing costs, less accumulated amortization	–	–	–	8,079	–	440	–	8,519
Professional liabilities insurance recoveries receivable – non-current	–	–	–	60,199	22,167	13,962	–	96,328
Goodwill	–	267	–	38,955	17,217	–	–	56,439
Other assets	70,924	3,325	–	186,969	31,885	15,344	(130,898)	177,549
Property, plant, and equipment, net	216,675	1,367	–	930,101	124,347	261,335	–	1,533,825
Construction in progress	785	–	–	23,639	19,477	153	–	44,054
	217,460	1,367	–	953,740	143,824	261,488	–	1,577,879
Total assets	$ 418,035	$ 26,085	$ 368	$ 2,681,130	$ 442,874	$ 565,469	$ (288,626)	$ 3,845,335

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidating Balance Sheet (continued)

September 30, 2013

	Yale New Haven Health Services Corporation	NEMG	Y-NHH-MSO, Inc.	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Greenwich Health Care Services, Inc. and Subsidiaries	Eliminations	Total
Liabilities								
Current liabilities:								
Accounts payable and accrued expenses	$ 98,895	$ 22,193	$ 76	$ 327,316	$ 64,240	$ 30,047	$ (68,667)	$ 474,100
Current portion of long-term debt	–	–	–	11,070	32,205	2,505	–	45,780
Current portion of capital lease obligation	–	–	–	2,598	–	–	–	2,598
Professional liabilities – current portion	–	–	–	21,142	10,552	6,570	–	38,264
Other current liabilities	–	1,323	–	15,488	5,306	14,047	–	36,164
Total current liabilities	98,895	23,516	76	377,614	112,303	53,169	(68,667)	596,906
Long-term debt, net of current portion	–	–	–	677,492	49,107	37,710	–	764,309
Long-term capital lease obligations, net of current portion	–	–	–	53,801	95	–	–	53,896
Accrued pension and postretirement benefit obligations	9,481	–	–	197,950	42,945	23,880	(9,481)	264,775
Professional liabilities	–	–	–	128,720	34,291	19,717	–	182,728
Other long-term liabilities	214,906	–	–	169,893	31,022	20,062	(210,478)	225,405
Deferred revenue	–	–	–	47,297	–	–	–	47,297
Total liabilities	323,282	23,516	76	1,652,767	269,763	154,538	(288,626)	2,135,316
Net assets								
Unrestricted	$ 94,753	$ 2,569	$ 292	$ 941,226	$ 120,290	$ 352,152	$ –	$ 1,511,282
Temporarily restricted	–	–	–	59,982	32,033	36,543	–	128,558
Permanently restricted	–	–	–	27,155	20,788	22,236	–	70,179
Total net assets	94,753	2,569	292	1,028,363	173,111	410,931	–	1,710,019
Total liabilities and net assets	$ 418,035	$26,085	$ 368	$ 2,681,130	$ 442,874	$ 565,469	$ (288,626)	$ 3,845,335

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets

Year Ended September 30, 2013

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG	Y-NHH-MSO, Inc.	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Greenwich Health Care Services, Inc. and Subsidiaries	Eliminations	Total
				(In Thousands)				
Operating revenue:								
Net patient service revenue	$ –	$ 100,083	$ –	$ 2,382,965	$ 433,811	$ 343,529	$ –	$ 3,260,388
Less: Provision for bad debt	–	(3,354)	–	(65,535)	(14,984)	(14,733)	–	(98,606)
Net patient service revenue	–	96,729	–	2,317,430	418,827	328,796	–	3,161,782
Other revenue	390,833	67,191	–	60,720	26,208	13,960	(440,340)	118,572
Total operating revenue	390,833	163,920	–	2,378,150	445,035	342,756	(440,340)	3,280,354
Operating expenses:								
Salaries and benefits	172,669	126,371	–	1,041,586	195,993	152,763	11,983	1,701,365
Supplies and other expenses	142,301	65,605	1,296	1,087,176	204,231	151,624	(423,073)	1,229,160
Depreciation and amortization	30,692	2,414	–	109,616	22,858	22,533	(23,860)	164,253
Insurance	40,374	7,101	–	16,811	1,028	(346)	(41,961)	23,007
Interest	–	–	–	24,246	1,665	476	–	26,387
Total operating expenses	386,036	201,491	1,296	2,279,435	425,775	327,050	(476,911)	3,144,172
Income (loss) from operations	4,797	(37,571)	(1,296)	98,715	19,260	15,706	36,571	136,182
Non-operating gain (loss), net:	30,223	–	(1)	69,945	3,969	3,270	(36,571)	70,835
Excess (deficiency) of revenue over expenses	35,020	(37,571)	(1,297)	168,660	23,229	18,976	–	207,017

(Continued on following page).

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets (continued)

Year Ended September 30, 2013

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG	Y-NHH-MSO, Inc.	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Greenwich Health Care Services, Inc. and Subsidiaries	Eliminations	Total
				(In Thousands)				
Unrestricted net assets:								
(Deficiency) excess of revenue over expenses (continued)	$ 35,020	$ (37,571)	$ (1,297)	$ 168,660	$ 23,229	$ 18,976	$ –	$ 207,017
Other changes in net assets	–	–	–	329	444	(949)	–	(176)
Transfer to Yale-New Haven Health Services Corporation – Clinical Development Fund	6,000	–	–	(6,000)	–	–	–	–
Transfer from Yale-New Haven Health Services Corporation	(42,071)	37,571	–	2,900	900	700	–	–
Net assets released from restrictions for purchases of fixed assets	–	–	–	152	879	9	–	1,040
Contributed property no longer restricted								
Pension and other postretirement liability adjustments	–	–	–	88,656	22,810	32,327	–	143,793
Increase (decrease) in unrestricted net assets	(1,051)	–	(1,297)	254,697	48,262	51,063	–	351,674
Temporarily restricted net assets:								
Income from investments	–	–	–	241	–	–	–	241
Net realized and unrealized gains and losses on investments	–	–	–	6,189	3,372	5,992	–	15,553
Bequests and contributions	–	–	–	20,777	6,138	4,187	–	31,102
Net assets released from restrictions for purchases of fixed assets	–	–	–	(152)	(879)	(9)	–	(1,040)
Net assets released from restrictions for operations	–	–	–	(2,822)	(6,346)	(3,621)	–	(12,789)
Net assets released from restrictions for clinical programs	–	–	–	(10,277)	–	–	–	(10,277)
Net assets released from restrictions used for non-operating activities	–	–	–	–	–	(5)	–	(5)
Contributed property no longer restricted	–	–	–	–	–	–	–	–
Other changes in net assets	–	–	–	–	916	–	–	916
Increase (decrease) in temporarily restricted net assets	–	–	–	13,956	3,201	6,544	–	23,701
Permanently restricted net assets:								
Bequests, contributions, and grants	–	–	–	–	916	125	–	1,041
Net realized and unrealized gains and losses on investments	–	–	–	–	–	322	–	322
Changes in beneficial interest in perpetual trusts	–	–	–	411	–	–	–	411
Increase (decrease) in permanently restricted net assets	–	–	–	411	916	447	–	1,774
Increase (decrease) in net assets	(1,051)	–	(1,297)	269,064	52,379	58,054	–	377,149
Net assets at beginning of year	95,804	2,569	1,589	759,299	120,732	352,877	–	1,332,870
Net assets at end of year	$ 94,753	$ 2,569	$ 292	$ 1,028,363	$ 173,111	$ 410,931	$ –	$ 1,710,019

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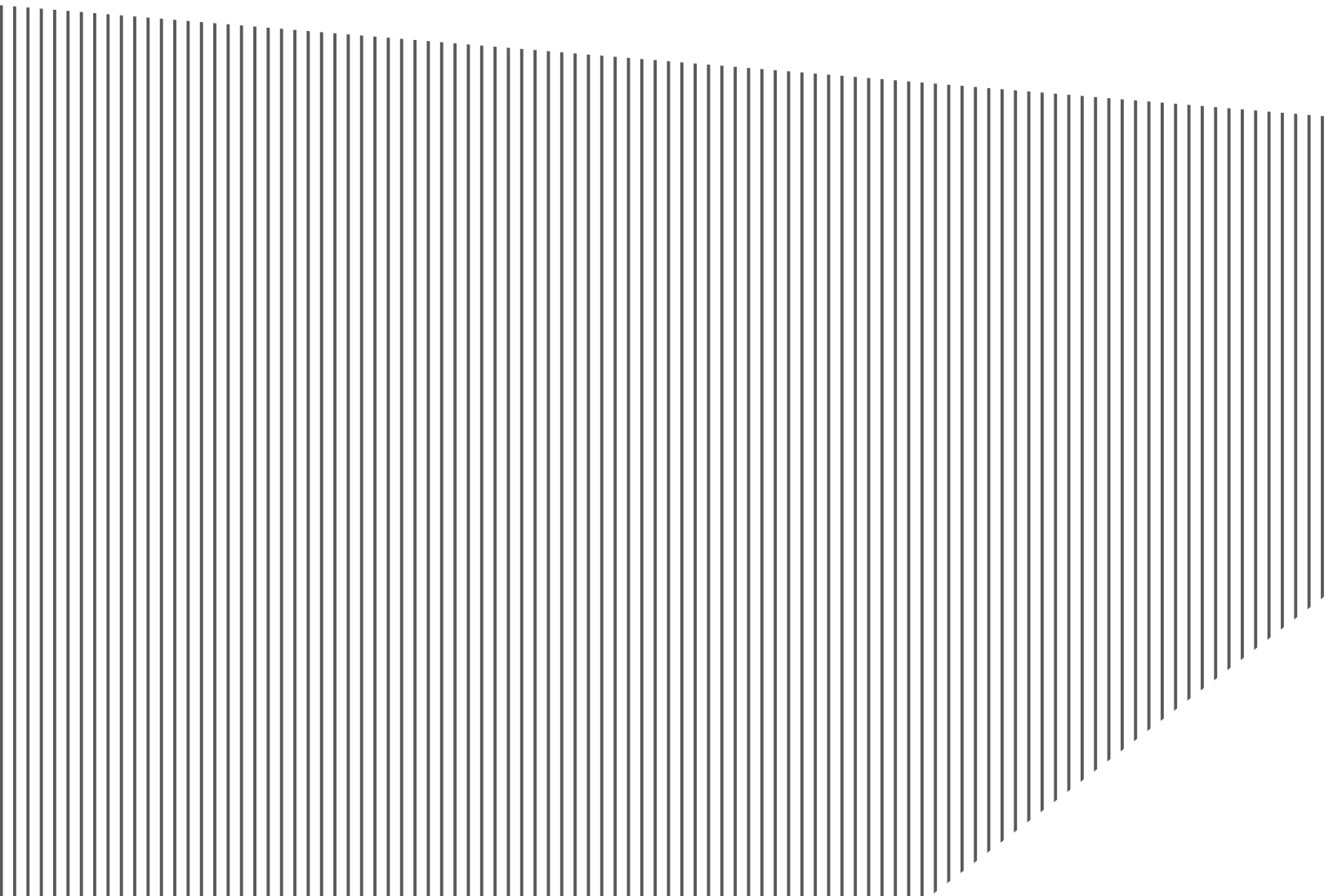

APPENDIX B-2

UNAUDITED FINANCIAL INFORMATION FOR THE OBLIGATED GROUP

for the Five-Month Periods Ended
February 28, 2014 and 2013

and for the Fiscal Years Ended
September 30, 2013 and 2012

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Yale New Haven Health Services Corporation
Consolidating Statement of Operations
February 28, 2014
(In Thousands)

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Operating revenue:										
Net patient service revenue	$ -	$ 44,314	$ 1,002,266	$ 181,811	$ -	$ 1,228,391	$ 145,689	$ 10,607	$ (10,607)	$ 1,374,080
Less: Provision for bad debt		(2,683)	(27,509)	(7,782)		(37,974)	(8,205)	-	-	(46,179)
Net patient service revenue	-	41,631	974,757	174,029	-	1,190,417	137,484	10,607	(10,607)	1,327,901
Other revenue	158,922	31,482	23,817	8,799	(164,695)	58,325	5,589	636	(24,837)	39,713
Total operating revenue	158,922	73,113	998,574	182,828	(164,695)	1,248,742	143,073	11,243	(35,444)	1,367,614
Operating expenses:										
Salaries and benefits	76,919	56,882	440,647	83,107	2,302	659,857	62,741	2,706	(2,706)	722,598
Supplies and other expenses	41,014	30,333	456,107	80,890	(146,765)	461,579	65,631	5,372	(30,981)	501,601
Depreciation and amortization	22,244	1,044	49,405	12,720	(17,410)	68,003	10,218	591	(2,667)	76,145
Insurance	14,394	2,920	495	-586	(15,072)	2,151	(1,641)	200	(2,073)	(1,363)
Interest	-	-	10,692	928	-	11,620	102	119	(119)	11,722
Total operating expenses	154,571	91,179	957,346	177,059	(176,945)	1,203,210	137,051	8,988	(38,546)	1,310,703
Income (loss) from operations	4,351	(18,066)	41,228	5,769	12,250	45,532	6,022	2,255	3,102	56,911
Non-operating gain (loss), net:	17,641	-	31,383	2,896	(12,250)	39,670	(146)	(1,119)	(4,243)	34,162
Excess (deficiency) of revenue over expenses	$ 21,992	$ (18,066)	$ 72,611	$ 8,665	-	$ 85,202	$ 5,876	$ 1,136	$ (1,141)	$ 91,073

* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

Yale New Haven Health Services Corporation
Consolidating Statement of Operations
February 28, 2013
(In Thousands)

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Operating revenue:										
Net patient service revenue	$ -	$ 37,007	$ 968,108	$ 177,836	$ -	$ 1,182,951	$ 139,184	$ 10,174	$ (10,174)	$ 1,322,135
Less: Provision for bad debt		(1,242)	(26,838)	(6,199)		(34,279)	(6,998)			(41,277)
Net patient service revenue	-	35,765	941,270	171,637	-	1,148,672	132,186	10,174	(10,174)	1,280,858
Other revenue	158,251	28,232	23,873	9,764	(158,842)	61,278	5,232	1,704	(23,834)	44,380
Total operating revenue	158,251	63,997	965,143	181,401	(158,842)	1,209,950	137,418	11,878	(34,008)	1,325,238
									-	
Operating expenses:									-	
Salaries and benefits	69,930	51,752	431,784	81,147	4,305	638,918	64,941	1,309	(1,309)	703,859
Supplies and other expenses	60,323	26,164	455,590	81,407	(152,013)	471,471	64,764	7,045	(31,844)	511,436
Depreciation and amortization	9,166	865	39,713	10,277	(7,211)	52,810	8,073	646	(808)	60,721
Insurance	17,842	3,020	9,172	943	(16,185)	14,792	215	1,182	(3,231)	12,958
Interest		-	9,277	658	-	9,935	199	147	(147)	10,134
Total operating expenses	157,261	81,801	945,536	174,432	(171,104)	1,187,926	138,192	10,329	(37,339)	1,299,108
Income (loss) from operations	990	(17,804)	19,607	6,969	12,262	22,024	(774)	1,549	3,331	26,130
									-	
Non-operating gain (loss), net:	14,539		31,218	1,214	(12,262)	34,709	446	(1,027)	(3,857)	30,271
Excess (deficiency) of revenue over expenses	$ 15,529	$ (17,804)	$ 50,825	$ 8,183	$ -	$ 56,733	$ (328)	$ 522	$ (526)	$ 56,401

* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

Yale New Haven Health Services Corporation
Consolidating Statement of Operations
September 30, 2013
(In Thousands)

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Operating revenue:										
Net patient service revenue	$ -	$ 100,083	$ 2,382,965	$ 433,811	$ -	$ 2,916,859	$ 343,529	$ 23,692	$ (23,692)	$ 3,260,388
Less: Provision for bad debt	-	(3,354)	(65,535)	(14,984)	-	(83,873)	(14,733)	(157)	157	(98,606)
Net patient service revenue	-	96,729	2,317,430	418,827	-	2,832,986	328,796	23,535	(23,535)	3,161,782
Other revenue	390,833	67,191	60,720	26,208	(383,846)	161,106	13,960	2,191	(58,685)	118,572
Total operating revenue	390,833	163,920	2,378,150	445,035	(383,846)	2,994,092	342,756	25,726	(82,220)	3,280,354
Operating expenses:										
Salaries and benefits	172,669	126,371	1,041,586	195,993	10,569	1,547,188	152,763	6,524	(5,110)	1,701,365
Supplies and other expenses	142,301	65,605	1,087,176	204,231	(361,843)	1,137,470	151,624	9,771	(69,705)	1,229,160
Depreciation and amortization	30,692	2,414	109,616	22,858	(19,969)	145,611	22,533	1,528	(5,419)	164,253
Insurance	40,374	7,101	16,811	1,028	(37,390)	27,924	(346)	511	(5,082)	23,007
Interest	-	-	24,246	1,665	-	25,911	476	326	(326)	26,387
Total operating expenses	386,036	201,491	2,279,435	425,775	(408,633)	2,884,104	327,050	18,660	(85,642)	3,144,172
Income (loss) from operations	4,797	(37,571)	98,715	19,260	24,787	109,988	15,706	7,066	3,422	136,182
Non-operating gain (loss), net:	30,223	-	69,945	3,969	(24,787)	79,350	3,270	(3,901)	(7,884)	70,835
Excess (deficiency) of revenue over expenses	$ 35,020	$ (37,571)	$ 168,660	$ 23,229	-	$ 189,338	$ 18,976	$ 3,165	$ (4,462)	$ 207,017

* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

Yale New Haven Health Services Corporation
Consolidating Statement of Operations
September 30, 2012
(In Thousands)

	Yale New Haven Health Services Corporation	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Net patient service revenue	$ -	$ 55,784	$ 1,733,252	$ 420,616	$ -	$ 2,209,652	$ 327,382	$ 19,336	$ (19,336)	$ 2,537,034
Less: Provision for bad debt		(2,289)	(32,863)	(16,623)		(51,775)	(14,027)	(209)	209	(65,802)
Net patient service revenue	-	53,495	1,700,389	403,993	-	2,157,877	313,355	19,127	(19,127)	2,471,232
Other revenue	278,816	58,922	49,518	19,050	(266,634)	139,672	13,249	2,108	(50,128)	104,901
Total operating revenue	278,816	112,417	1,749,907	423,043	(266,634)	2,297,549	326,604	21,235	(69,255)	2,576,133
Operating expenses:										
Salaries and benefits	129,414	90,812	764,840	191,568	10,124	1,186,758	153,235	7,117	(3,455)	1,343,655
Supplies and other expenses	94,985	40,937	768,962	186,260	(253,406)	837,738	141,897	8,678	(64,971)	923,342
Depreciation and amortization	9,257	794	74,623	20,233	(5,449)	99,458	19,710	1,570	(1,570)	119,168
Insurance	36,949	6,383	15,815	2,890	(33,267)	28,770	(1,297)	482	(5,950)	22,005
Interest	-	-	18,104	2,724	-	20,828	364	384	(384)	21,192
Total operating expenses	270,605	138,926	1,642,344	403,675	(281,998)	2,173,552	313,909	18,231	(76,330)	2,429,362
Income (loss) from operations	8,211	(26,509)	107,563	19,368	15,364	123,997	12,695	3,004	7,075	146,771
Non-operating gain (loss), net:	14,917	(1)	22,853	2,164	(15,364)	24,569	(2,618)	(1,168)	(8,915)	11,868
Excess (deficiency) of revenue over expenses	$ 23,128	$ (26,510)	$ 130,416	$ 21,532	-	$ 148,566	$ 10,077	$ 1,836	$ (1,840)	$ 158,639

Note: This schedule does not include certain reclassifications made to the year ended September 30, 2012 balances to conform with the year ended September 30, 2013 presentations, including reclassifications for discontinued operations.
* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

Yale New Haven Health Services Corporatio
Consolidating Balance Shee
February 28, 2014
(In Thousands)

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Greenwich Eliminations	Other Non-Obligated Entities	Eliminations	System
Assets											
Current assets:											
Cash and cash equivalents	$ 8,727	$ 11,036	$ 33,610	$ 14,424	$ -	$ 67,797	$ 23,116	$ -	$ 4,843	$ (4,629)	$ 91,127
Short-term investments	156	-	776,501	65,776	-	842,433	30,035	-	36,842	(36,842)	872,468
Accounts receivable for services to patients, less allowance for uncollectible accounts, charity, and free care	-	6,701	248,819	51,544	-	307,064	38,557	-	2,681	(2,681)	345,621
Professional liabilities insurance recoveries receivable – current portion	-	-	21,082	8,517	-	29,599	4,111	-	-	-	33,710
Other current assets	106,325	1,325	100,219	17,353	(144,340)	80,882	15,060	(14,717)	2,758	(17,344)	81,356
Amounts on deposit with trustee in debt service fund	-	-	10,473	-	-	10,473	-	-	-	-	10,473
Total current assets	115,208	19,062	1,190,704	157,614	(144,340)	1,338,248	110,879	(14,717)	47,124	(61,496)	1,434,755
Assets limited as to use	-	-	86,765	-	-	86,765	98,037	-	-	-	184,802
Long-term investments	11,393	-	224,082	57,329	-	292,804	64,099	-	6,760	(6,760)	356,903
Deferred financing costs, less accumulated amortizatio	-	-	7,934	-	-	7,934	429	-	-	-	8,363
Professional liabilities insurance recoveries receivable – non-current	-	-	58,255	21,355	-	79,610	13,347	-	-	-	92,957
Goodwill	-	267	44,670	17,217	-	62,154	-	-	-	-	62,154
Other assets	71,269	3,268	190,706	35,003	(120,271)	179,975	16,099	(10,634)	3,834	(14,468)	185,440
									-	-	-
Property, plant, and equipment, net	194,462	1,417	914,086	127,284	-	1,237,249	258,017	-	7,556	(7,556)	1,495,266
Construction in progress	5,857	-	24,492	19,932	-	50,281	915	-	246	(246)	51,196
	200,319	1,417	938,578	147,216	-	1,287,530	258,932	-	7,802	(7,802)	1,546,462
Total assets	$ 398,189	$ 24,014	$ 2,741,694	$ 435,734	$ (264,611)	$ 3,335,020	$ 561,822	$ (25,351)	$ 65,520	$ (90,526)	$ 3,871,836
Liabilities											
Current liabilities:											
Accounts payable and accrued expenses	$ 81,271	$ 21,445	$ 309,608	$ 55,423	$ (67,590)	$ 400,157	$ 26,051	$ (8,091)	$ 11,054	$ (19,087)	$ 418,175
Current portion of long-term debt	-	-	11,070	29,286	-	40,356	2,505	-	-	-	42,861
Current portion of capital lease obligation	-	-	2,301	-	-	2,301	-	-	668	(668)	2,301
Professional liabilities – current portion	-	-	21,082	8,517	-	29,599	4,111	-	-	-	33,710
Other current liabilities	-	-	8,206	7,187	-	15,393	10,792	-	92	(92)	26,185
Total current liabilities	81,271	21,445	352,267	100,413	(67,590)	487,806	43,459	(8,091)	11,814	(19,847)	523,232
Long-term debt, net of current portion	-	-	677,068	46,996	-	724,064	37,710	-	-	-	761,774
Long-term capital lease obligations, net of current portion	-	-	53,042	-	-	53,042	-	-	3,075	(3,075)	53,042
Accrued pension and postretirement benefit obligations	9,573	-	197,217	41,927	(9,573)	239,144	20,022	-	-	-	259,166
Professional liabilities	-	-	126,086	34,370	-	160,456	19,440	-	37,393	(37,393)	179,896
Other long-term liabilities	208,666	-	182,267	26,904	(187,448)	230,389	19,933	(17,260)	866	(18,126)	233,062
Deferred revenue	-	-	46,081	-	-	46,081	-	-	-	-	46,081
Total liabilities	299,510	21,445	1,634,028	250,610	(264,611)	1,940,982	140,564	(25,351)	53,148	(78,441)	2,056,253
Net assets											
Unrestricted	98,679	2,569	1,015,392	129,211	-	1,245,851	358,521	-	12,372	(12,085)	1,604,659
Temporarily restricted	-	-	61,288	34,273	-	95,561	40,678	-	-	-	136,239
Permanently restricted	-	-	30,986	21,640	-	52,626	22,059	-	-	-	74,685
Total net assets	98,679	2,569	1,107,666	185,124	-	1,394,038	421,258	-	12,372	(12,085)	1,815,583
Total liabilities and net assets	$ 398,189	$ 24,014	$ 2,741,694	$ 435,734	$ (264,611)	$ 3,335,020	$ 561,822	$ (25,351)	$ 65,520	$ (90,526)	$ 3,871,836

* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

Yale New Haven Health Services Corporation
Consolidating Balance Sheet
September 30, 2013
(In Thousands)

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Assets										
Current assets:										
Cash and cash equivalents	$ 13,104	$ 11,005	$ 46,312	$ 30,636	$ -	$ 101,057	$ 29,569	$ 6,644	$ (6,423)	$ 130,847
Short-term investments:	7,146	-	709,453	64,307	-	780,906	36,063	38,064	(38,064)	816,969
Accounts receivable for services to patients, less allowance for uncollectible accounts, charity, and free care	-	7,360	238,901	51,432	-	297,693	37,281	2,622	(2,622)	334,974
Professional liabilities insurance recoveries receivable - current portion	-	-	21,142	10,552	-	31,694	6,570	-	-	38,264
Other current assets	98,220	2,761	111,727	17,755	(140,553)	89,910	15,029	6,685	(23,713)	87,911
Amounts on deposit with trustee in debt service fund	-	-	7,176	-	-	7,176	-	-	-	7,176
Total current assets	118,470	21,126	1,134,711	174,682	(140,553)	1,308,436	124,512	54,015	(70,822)	1,416,141
Assets limited as to use	-	-	84,095	-	-	84,095	90,376	-	-	174,471
Long-term investments	11,181	-	214,382	53,099	-	278,662	59,347	6,766	(6,766)	338,009
Deferred financing costs, less accumulated amortizatio	-	-	8,079	-	-	8,079	440	-	-	8,519
Professional liabilities insurance recoveries receivable – non-current	-	-	60,199	22,167	-	82,366	13,962	-	-	96,328
Goodwill	-	267	38,955	17,217	-	56,439	-	-	-	56,439
Other assets	70,924	3,325	186,969	31,885	(120,186)	172,917	15,344	5,266	(15,978)	177,549
										-
Property, plant, and equipment, net	216,675	1,367	930,101	124,347	-	1,272,490	261,335	9,154	(9,154)	1,533,825
Construction in progress	785	-	23,639	19,477	-	43,901	153	116	(116)	44,054
	217,460	1,367	953,740	143,824	-	1,316,391	261,488	9,270	(9,270)	1,577,879
Total assets	$ 418,035	$ 26,085	$ 2,681,130	$ 442,874	$ (260,739)	$ 3,307,385	$ 565,469	$ 75,317	$ (102,836)	$ 3,845,335
Liabilities										
Current liabilities										
Accounts payable and accrued expenses	$ 98,895	$ 22,193	$ 327,316	$ 64,240	$ (58,920)	$ 453,724	$ 30,047	$ 7,784	$ (17,455)	$ 474,100
Current portion of long-term debt	-	-	11,070	32,205	-	43,275	2,505	-	-	45,780
Current portion of capital lease obligatio	-	-	2,598	-	-	2,598	-	1,043	(1,043)	2,598
Professional liabilities – current portio	-	-	21,142	10,552	-	31,694	6,570	-	-	38,264
Other current liabilities	-	1,323	15,488	5,306	-	22,117	14,047	-	-	36,164
Total current liabilities	98,895	23,516	377,614	112,303	(58,920)	553,408	53,169	8,827	(18,498)	596,906
Long-term debt, net of current portion	-	-	677,492	49,107	-	726,599	37,710	-	-	764,309
Long-term capital lease obligations, net of current portion	-	-	53,801	95	-	53,896	-	3,119	(3,119)	53,896
Accrued pension and postretirement benefit obligations	9,481	-	197,950	42,945	(9,481)	240,895	23,880	-	-	264,775
Professional liabilitie	-	-	128,720	34,291	-	163,011	19,717	38,585	(38,585)	182,728
Other long-term liabilities	214,906	-	169,893	31,022	(192,338)	223,483	20,062	12,798	(30,938)	225,405
Deferred revenue	-	-	47,297	-	-	47,297	-	-	-	47,297
Total liabilities	323,282	23,516	1,652,767	269,763	(260,739)	2,008,589	154,538	63,329	(91,140)	2,135,316
Net assets										
Unrestricted	94,753	2,569	941,226	120,290	-	1,158,838	352,152	11,988	(11,696)	1,511,282
Temporarily restricted	-	-	59,982	32,033	-	92,015	36,543	-	-	128,558
Permanently restricted	-	-	27,155	20,788	-	47,943	22,236	-	-	70,179
Total net assets	94,753	2,569	1,028,363	173,111	-	1,298,796	410,931	11,988	(11,696)	1,710,019
Total liabilities and net assets	$ 418,035	$ 26,085	$ 2,681,130	$ 442,874	$ (260,739)	$ 3,307,385	$ 565,469	$ 75,317	$ (102,836)	$ 3,845,335

* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

Yale New Haven Health Services Corporation
Consolidating Balance Sheet
September 30, 2012
(In Thousands)

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Assets										
Current assets:										
Cash and cash equivalents	$ 4,158	$ 2,834	$ 69,453	$ 16,072	$ -	$ 92,517	$ 37,343	$ 4,635	$ (4,552)	$ 129,943
Short-term investments	14,199	-	613,360	69,590	-	697,149	10,243	42,058	(42,058)	707,392
Accounts receivable for services to patients, less allowance for uncollectible accounts, charity, and free care	-	4,926	205,704	42,983	-	253,613	39,760	2,145	(2,145)	293,373
Professional liabilities insurance recoveries receivable - current portion	-	-	15,739	11,424	-	27,163	2,173	-	-	29,336
Other current assets	91,150	3,689	98,677	16,703	(81,111)	129,108	13,367	2,646	(15,357)	129,764
Amounts on deposit with trustee in debt service fund	-	-	6,619	1,875	-	8,494	-	-	-	8,494
Total current assets	109,507	11,449	1,009,552	158,647	(81,111)	1,208,044	102,886	51,484	(64,112)	1,298,302
Assets limited as to use	-	-	105,688	-	-	105,688	89,433	-	-	195,121
Long-term investments	11,484	-	164,238	47,464	-	223,186	53,112	7,292	(7,292)	276,298
Deferred financing costs, less accumulated amortizatio	-	-	5,182	-	-	5,182	467	-	-	5,649
Professional liabilities insurance recoveries receivable – non-current	-	-	40,271	31,106	-	71,377	8,751	-	-	80,128
Goodwill	-	267	35,685	-	-	35,952	-	-	-	35,952
Other assets	61,732	4,298	175,044	26,301	(100,255)	167,120	15,605	2,349	(16,325)	168,749
								-		
Property, plant, and equipment, ne	54,401	994	939,718	111,955	-	1,107,068	268,141	10,367	(10,367)	1,375,209
Construction in progress	72,064	-	63,603	17,163	-	152,830	1,354	-	-	154,184
	126,465	994	1,003,321	129,118	-	1,259,898	269,495	10,367	(10,367)	1,529,393
Total assets	$ 309,188	$ 17,008	$ 2,538,981	$ 392,636	$ (181,366)	$ 3,076,447	$ 539,749	$ 71,492	$ (98,096)	$ 3,589,592
Liabilities										
Current liabilities										
Accounts payable and accrued expenses	$ 61,871	$ 13,780	$ 307,216	$ 57,532	$ (50,476)	$ 389,923	$ 29,936	$ 4,300	$ (17,106)	$ 407,053
Current portion of long-term deb	-	-	45,424	3,736	-	49,160	2,430	226	(226)	51,590
Current portion of capital lease obligatio	-	-	56,240	73	-	56,313	-	948	(948)	56,313
Professional liabilities – current portio	-	-	15,739	11,424	-	27,163	2,173	-	-	29,336
Other current liabilities	-	659	3,435	6,775	-	10,869	21,044	79	(79)	31,913
Total current liabilities	61,871	14,439	428,054	79,540	(50,476)	533,428	55,583	5,553	(18,359)	576,205
Long-term debt, net of current portio	-	-	674,969	47,341	-	722,310	40,215	-	-	762,525
Long-term capital lease obligations, net of current portion	-	-	56,395	95	-	56,490	-	4,158	(4,158)	56,490
Accrued pension and postretirement benefit obligations	9,568	-	280,718	67,041	(9,568)	347,759	54,164	-	-	401,923
Professional liabilities	-	-	105,313	43,247	-	148,560	14,202	36,580	(36,580)	162,762
Other long-term liabilities	141,945	-	180,608	34,640	(121,322)	235,871	22,708	14,364	(29,751)	243,192
Deferred revenue	-	-	53,625	-	-	53,625	-	-	-	53,625
Total liabilities	213,384	14,439	1,779,682	271,904	(181,366)	2,098,043	186,872	60,655	(88,848)	2,256,722
Net assets										
Unrestricted	95,804	2,569	686,529	72,028	-	856,930	301,089	10,837	(9,248)	1,159,608
Temporarily restricted	-	-	46,026	28,832	-	74,858	29,999	-	-	104,857
Permanently restricted	-	-	26,744	19,872	-	46,616	21,789	-	-	68,405
Total net assets	95,804	2,569	759,299	120,732	-	978,404	352,877	10,837	(9,248)	1,332,870
Total liabilities and net assets	$ 309,188	$ 17,008	$ 2,538,981	$ 392,636	$ (181,366)	$ 3,076,447	$ 539,749	$ 71,492	$ (98,096)	$ 3,589,592

Note: This schedule does not include certain reclassifications made to the year ended September 30, 2012 balances to conform with the year ended September 30, 2013 presentations, including reclassifications for discontinued operati
* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

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APPENDIX B-3

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries
For the Five-Month Periods Ended February 28, 2014 and 2013

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidated Balance Sheets
(In Thousands)

	(Unaudited) February 28, 2014	(Audited) September 30, 2013
Assets		
Current assets:		
Cash and cash equivalents	**$ 91,127**	$ 130,847
Short-term investments	**872,468**	816,969
Accounts receivable for services to patients, less allowance for uncollectible accounts, charity, and free care of approximately $285,242 at February 28, 2014 and $206,203 at September 30, 2013	**345,621**	334,974
Professional liabilities insurance recoveries receivable – current portion	**33,710**	38,264
Other current assets	**81,356**	87,911
Amounts on deposit with trustee in debt service fund	**10,473**	7,176
Total current assets	**1,434,755**	1,416,141
Assets limited as to use	**184,802**	174,471
Long-term investments	**356,903**	338,009
Deferred financing costs, less accumulated amortization	**8,363**	8,519
Professional liabilities insurance recoveries receivable – non-current	**92,957**	96,328
Goodwill	**62,154**	56,439
Other assets	**185,440**	177,549
Property, plant, and equipment, net	**1,495,266**	1,533,825
Construction in progress	**51,196**	44,054
	1,546,462	1,577,879
Total assets	**$ 3,871,836**	$ 3,845,335

	(Unaudited) February 28, 2014	(Audited) September 30, 2013
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 418,175**	$ 474,100
Current portion of long-term debt	**42,861**	45,780
Current portion of capital lease obligation	**2,301**	2,598
Professional liabilities – current portion	**33,710**	38,264
Other current liabilities	**26,185**	36,164
Total current liabilities	**523,232**	596,906
Long-term debt, net of current portion	**761,774**	764,309
Long-term capital lease obligations, net of current portion	**53,042**	53,896
Accrued pension and postretirement benefit obligations	**259,166**	264,775
Professional liabilities	**179,896**	182,728
Other long-term liabilities	**233,062**	225,405
Deferred revenue	**46,081**	47,297
Total liabilities	**2,056,253**	2,135,316
Commitments and contingencies		
Net assets:		
Unrestricted	**1,604,659**	1,511,282
Temporarily restricted	**136,239**	128,558
Permanently restricted	**74,685**	70,179
Total net assets including non-controlling interest	**1,815,583**	1,710,019
Total liabilities and net assets	**$ 3,871,836**	$ 3,845,335

See accompanying notes.

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (Unaudited)
(In Thousands)

	Five Months Ended February 28,	
	2014	**2013**
Operating revenue:		
Net patient service revenue	**$ 1,374,080**	$ 1,322,135
Less: Provision for bad debts	**(46,179)**	(41,277)
Net patient service revenue, less provision for bad debts	**1,327,901**	1,280,858
Other revenue	**39,713**	44,380
Total operating revenue	**1,367,614**	1,325,238
Operating expenses:		
Salaries and benefits	**722,598**	703,859
Supplies and other expenses	**501,601**	511,436
Depreciation and amortization	**76,145**	60,721
Insurance	**(1,363)**	12,958
Interest	**11,722**	10,134
Total operating expenses	**1,310,703**	1,299,108
Income from operations	**56,911**	26,130
Non-operating gains and losses, net	**34,162**	30,271
Excess of revenue over expenses	**91,073**	56,401

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

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

	Five Months Ended February 28,	
	2014	**2013**
Unrestricted net assets:		
Excess of revenue over expenses	**$ 91,073**	$ 56,401
Other changes in net assets	**798**	(130)
Net assets released from restrictions for purchases of fixed assets	**1,506**	275
Increase in unrestricted net assets	**93,377**	56,546
Temporarily restricted net assets:		
Income from investments	**183**	154
Net realized and unrealized gains on investments	**8,613**	5,496
Bequests and contributions	**5,546**	14,056
Net assets released from restrictions for purchases of fixed assets	**(1,506)**	(275)
Net assets released from restrictions for operations	**(2,122)**	(3,138)
Net assets released from restrictions for clinical programs	**(3,274)**	(3,830)
Net assets released from restrictions used for non-operating activities	**–**	(3)
Other changes in net assets	**241**	186
Increase in temporarily restricted net assets	**7,681**	12,646
Permanently restricted net assets:		
Bequests and contributions	**4,356**	904
Net realized and unrealized (loss) gain on investments	**(191)**	214
Change in beneficial interest in perpetual trusts	**341**	(95)
Increase in permanently restricted net assets	**4,506**	1,023
Increase in net assets	**105,564**	70,215
Net assets at beginning of period	**1,710,019**	1,332,870
Net assets at end of period	**$ 1,815,583**	$ 1,403,085

See accompanying notes.

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Consolidated Statements of Cash Flows (Unaudited)
(In Thousands)

	Five Months Ended February 28, 2014	2013
Operating activities		
Increase in net assets	**$ 105,564**	$ 70,215
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**76,145**	60,721
Net realized and change in net unrealized gains and losses on investments	**(42,927)**	(17,814)
Change in fair value of interest rate swap agreements	**1,205**	(11,960)
Amortization of long-term debt premium	**(424)**	(320)
Bad debts	**46,179**	41,277
Amortization of deferred financing costs	**156**	761
Change in perpetual trusts	**(907)**	(33)
Bequests and contributions, net of pledges	**(5,546)**	(14,952)
Changes in operating assets and liabilities:		
Accounts receivable, net	**(56,826)**	(106,405)
Other assets	**(7,051)**	20,236
Accounts payable and accrued expenses	**(55,925)**	15,387
Professional insurance recoveries and liabilities	**539**	2,703
Other liabilities	**(10,352)**	25,583
Net cash provided by operating activities	**49,830**	85,399
Investing activities		
Net acquisitions of property, plant, and equipment	**(39,627)**	(100,053)
Capitalized interest	**(5,101)**	2,123
Net change in investments	**(31,466)**	8,753
Amounts deposited with trustee in debt service fund	**(3,297)**	(1,377)
Assets limited as to use	**(9,424)**	(329)
Net cash used in investing activities	**(88,915)**	(90,883)
Financing activities		
Proceeds from issuance of debt	**–**	232,000
Proceeds from notes payable	**–**	14,000
Payments of long-term debt	**(5,030)**	(16,916)
Payments on bank line of credit payable	**–**	(210,900)
Payments of notes payable	**–**	(40,000)
Payments on capital lease obligations	**(1,151)**	(1,238)
Deferred financing costs	**–**	(3,230)
Bequests, and contributions, net of pledges	**5,546**	14,952
Net cash used in financing activities	**(635)**	(11,332)
Net decrease in cash and cash equivalents	**(39,720)**	(16,816)
Cash and cash equivalents at beginning of period	**130,847**	106,653
Cash and cash equivalents at end of period	**$ 91,127**	$ 89,837

See accompanying notes.

Yale-New Haven Health Services Corporation
d/b/a Yale-New Haven Health System and Subsidiaries

Notes to Interim Consolidated Financial Statements (Unaudited)

For the Five Months Ended February 28, 2014

1. Organization and Significant Accounting Policies

Organization

Yale-New Haven Health Services Corporation (Y-NHHSC), formed in 1983, was incorporated under the Not-for-Profit Corporation Law to coordinate the activities of the members of the Yale-New Haven Health Services Corporation, d/b/a Yale New Haven Health System and Subsidiaries (collectively, the System), and is an integrated regional health care delivery system.

The System currently includes the following entities:

Y-NHHSC is the parent company of YNH Network Corporation (YNHNC) and Y-NHH-MSO, Inc. (MSO), as well as the sole member of Bridgeport Hospital & Healthcare Services, Inc. (BHHS), Greenwich Health Care Services, Inc. (GHCS) and Northeast Medical Group, Inc (NEMG).

YNHNC was incorporated as of April 1, 1998, and is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3). Under the terms of an assignment and assumption agreement executed on May 10, 2001, YNHNC became the sole member of Yale-New Haven Hospital, Inc. and the parent organization of Yale-New Haven Ambulatory Services Corporation and York Enterprises, Inc. and Subsidiaries. YNHNC is the parent of:

Yale-New Haven Hospital, Inc. (Y-NHH), a voluntary association incorporated under the General Statutes of the State of Connecticut. The Board of Trustees of Y-NHH, appointed by YNHNC, controls the operations of Y-NHH.

YNHCCC, a Connecticut non stock corporation, is a wholly-owned subsidiary of Yale-New Haven Network Corporation (YNHNC). YNHCCC provides long-term care for those unable to live independently and short-term rehabilitation for patients who have experienced elective surgery, an injury, or a traumatic major illness. Its services include respite care for family members and caregivers, stroke recovery for victims of strokes, orthopedic recovery services, medications and diagnostic services (such as radiological services).

Yale-New Haven Ambulatory Services Corporation (ASC), a Connecticut non-stock, taxable corporation, operates a recovery care centers, and is 51% owner of Shoreline Surgery Center, LLC (SSC) and SSC II, LLC.

1. Organization and Significant Accounting Policies (continued)

York Enterprises, Inc. and Subsidiaries (York), a Connecticut corporation formed for the purpose of initiating or acquiring business entities. Currently, York has two subsidiaries: Medical Center Pharmacy and Home Care, Inc. (MCP) and Medical Center Realty, Inc. (MCR). MCP is a Connecticut stock, for-profit company, which operated a retail pharmacy with multiple locations until February 2011. MCR is a Connecticut stock, for-profit company, which owns or holds leases on the System's affiliated commercial space. York is the sole shareholder of MCP and MCR.

Quinnipiac Medical Center P.C. (QMPC) and Community Health Care Physicians (CHCP) are Connecticut stock, for-profit, professional corporations formed in 1994 and 1996, respectively, to employ New Haven area primary care physicians. All of the stock of QMPC and CHCP is owned by the Chief of Staff of Y-NHH, who has assigned his rights in QMPC and CHCP to YNHNC.

BHHS is a Connecticut not-for-profit, non-stock corporation established to promote and carry out charitable, scientific, and educational activities. Y-NHHSC is the sole member of BHHS. BHHS and its subsidiaries have continued to operate autonomously with a separate board, management, and medical staff. Y-NHHSC must approve the strategic plans, operating budgets, capital budgets, and board appointments of BHHS. BHHS is the sole member of the following not-for-profit, non-stock corporations:

Bridgeport Hospital, a voluntary association incorporated under the General Statutes of the State of Connecticut, provides health care services to the Fairfield County community.

Bridgeport Hospital Foundation solicits contributions for the benefit of BHHS, Bridgeport Hospital, and all other tax-exempt health care organizations associated with BHHS.

Southern Connecticut Health System Properties, Inc. is a real estate holding company, which sold primarily all of its assets to Bridgeport Hospital during 1998.

NEMG is a tax-exempt medical foundation that provides physician-related services to Bridgeport, Greenwich, and Yale-New Haven Hospitals and their surrounding communities. NEMG operates autonomously with a separate board, management, and medical staff. Y-NHHSC must approve the strategic plans, operating budgets, capital budgets, and board appointments of NEMG.

1. Organization and Significant Accounting Policies (continued)

GHCS is the parent corporation of a group of wholly owned subsidiaries, including Greenwich Hospital, The Perryridge Corporation, Greenwich Health Care Services, Inc. (GHSI), the Greenwich Hospital Endowment Fund, Inc., and Greenwich Ambulatory Surgery Center, LLC (GASC). GHCS and its subsidiaries, with the exception of GHSI, are Section 501(c)(3) not-for-profit organizations, and are exempt from federal income taxes under Section 501(a) of the Code. Greenwich Hospital, a non-stock Connecticut corporation, is a wholly owned subsidiary of GHCS (the sole member), providing health care services to the lower Fairfield County and Westchester County, New York communities. GHCS and its subsidiaries have continued to operate autonomously with a separate board, management, and medical staff. Y-NHHSC must approve the strategic plans, operating budgets, capital budgets, any transfer of assets, and Board of Director appointments of GHCS and its subsidiaries.

On October 21, 2010, GASC entered into an agreement to operate Orthopedic & Neurosurgery Center of Greenwich, LLC (the JV), for the purpose of providing outpatient surgical services in the greater Fairfield County and Westchester County communities. GASC holds governance control of the JV and a 35% equity interest as of September 30, 2011. Accordingly, the accounts of the JV have been included in the balance sheets of GASC. The non-controlling interest in the JV is reported in the consolidated financial statements.

MSO, a for-profit stock corporation, was formed to manage physician practices and provide third-party administration services on certain managed care contracts. The capital stock of MSO consists of 20,000 shares of common stock, par value of one one-hundredth of a dollar per share. The Board of Directors of MSO is appointed by Y-NHHSC, the sole shareholder, who controls MSO's operations.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles applied on a basis consistent with that of the 2013 audited financial statements for the System. The System presumes that the users of this interim financial information have read or have access to the System's audited consolidated financial statements and that the adequacy of additional disclosures needed for a fair presentation may be determined in that context. Information contained in the System's audited consolidated financial statements for the years ended September 30, 2013 and 2012 is incorporated herein. Footnotes and other disclosures that would substantially duplicate the disclosures contained in the System's most recent audited consolidated financial statements have

1. Organization and Significant Accounting Policies (continued)

been omitted. Accordingly, these financial statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all transactions considered necessary for a fair presentation have been included.

Patient volumes and net operating revenue and results are subject to seasonal variations caused by a number of factors. Monthly and periodic operating results are not necessarily representative of operations for a full year for various reasons, including levels of occupancy and other patient volumes, interest rates, unusual or infrequent items and other seasonal fluctuations. These same considerations apply to year-to-year comparisons.

Principles of Consolidation

The accompanying consolidated financial statements present the accounts and transactions of the System and its subsidiaries. All significant intercompany revenues and expenses and intercompany balance sheet accounts have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectibles for accounts receivable for services to patients, and liabilities, including estimated net settlements with third-party payors and professional liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

For the five months ended February 28, 2014 and 2013, the System recorded a change in estimate of approximately $1.2 million and $2.3 million, respectively. Included in the change are amounts related to favorable third-party payor settlements at February 28, 2014 and 2013.

1. Organization and Significant Accounting Policies (continued)

Interest Rate Swap Agreements

The System utilizes interest rate swap agreements to reduce risks associated with changes in interest rates. Interest rate swap agreements are reported at fair value. The System is exposed to credit loss in the event of non-performance by the counterparties to its interest rate swap agreements. The System is also exposed to the risk that the swap receipts may not offset its variable rate debt service. To the extent these variable rate payments do not equal variable interest payments on the bonds, there will be a net loss or net benefit to the System.

2. Pensions and Postretirement Benefits

The System has qualified and non-qualified defined benefit pension plans covering substantially all employees and executives. The benefits provided are based on age, years of service, and compensation. The System's policy is to fund the pension benefits with at least the minimum amounts required by the Employee Retirement Income Security Act of 1974.

The System also sponsors contributory 403(b) plans and 401(k) plans covering substantially all employees. Employer contributions for certain 403(b), made to a matching 401(a) plan, and 401(k) plans are determined based on employee contributions and years of service.

YNH Network Corporation (YNHNC) and Greenwich Health Care Services, Inc. (GHCS) also provide certain health care and life insurance benefits upon retirement to substantially all their employees. YNHNC's and GHCS's policy is to fund these annual costs as they are incurred from the general assets of YNHNC and GHCS. The estimated cost of these postretirement benefits is actuarially determined, and accrued over the employees' service periods.

2. Pensions and Postretirement Benefits (continued)

The net periodic benefit cost for the five months ended February 28, 2014 and 2013, is as follows:

	Defined Benefit Pension Plans		Postretirement Benefits Plan	
	2014	**2013**	**2014**	**2013**
	(In Thousands)			
Service cost	**$ 10,517**	$ 16,298	**$ 2,215**	$ 2,117
Interest cost	**15,795**	13,373	**1,398**	1,306
Expected return on plan assets	**(19,155)**	(17,645)	**–**	–
Amortization of prior service cost	**(812)**	(120)	**36**	35
Recognized net actuarial loss	**5,222**	8,472	**240**	293
Net periodic benefit cost	**$ 11,567**	$ 20,378	**$ 3,889**	$ 3,751

3. Commitments and Contingencies

Various lawsuits and claims arising in the normal course of operations are pending, or are in progress against the System. Such lawsuits and claims are either specifically covered by insurance, or are deemed immaterial. While the outcomes of the lawsuits and claims cannot be determined at this time, management believes that any loss which may arise from these actions will not have a material adverse effect on the consolidated financial position or changes in net assets of the System.

The System has received requests for information from certain governmental agencies relating to, among other things, patient billings. These requests cover several prior years relating to compliance with certain laws and regulations. Management is cooperating with those governmental agencies in their information requests and ongoing investigations. The ultimate results of those investigations, including the impact on the System, cannot be determined at this time.

In determining fair value, the System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The System also considers non-performance risk in the overall assessment of fair value.

4. Fair Values of Financial Instruments (continued)

Accounting Standards Codification (ASC) Topic 820-10 establishes a three-tier valuation hierarchy for fair value disclosure purposes. This hierarchy is based on the transparency of the inputs utilized for the valuation. The three levels are defined as follows:

Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. This established hierarchy assigns the highest priority to Level 1 assets.

Level 2: Observable inputs that are based on data not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs that are used when little or no market data is available. The Level 3 inputs are assigned the lowest priority.

4. Fair Values of Financial Instruments (continued)

Financial assets and liabilities carried at fair value as of February 28, 2014 and September 30, 2013, are classified in the following tables in one of the three categories described above (in thousands):

	February 28, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 91,127**	**$ –**	**$ –**	**$ 91,127**
Money market funds	**214,200**	**–**	**–**	**214,200**
U.S. equity securities	**67,239**	**–**	**–**	**67,239**
International equity securities	**88,592**	**–**	**–**	**88,592**
Fixed income:				
U.S. government	**112,958**	**–**	**–**	**112,958**
Corporate bonds	**27,042**	**–**	**–**	**27,042**
Mortgage backed securities	**32**	**–**	**–**	**32**
International government	**49,827**	**34,147**	**–**	**83,974**
Beneficial interest in remainder trust	**1,832**	**–**	**–**	**1,832**
Commodities	**408**	**–**	**–**	**408**
Real estate	**829**	**–**	**–**	**829**
Interest in Yale University endowment pool	**–**	**–**	**600,056**	**600,056**
Investments at fair value	**$ 654,086**	**$ 34,147**	**$ 600,056**	**1,288,289**
Common collective trusts				**121,538**
Alternative investments				**93,068**
Perpetual trusts				**12,878**
Investments not at fair value				**227,484**
Total investments				**$ 1,515,773**
Liabilities:				
Interest rate swaps	**$ –**	**$ (25,284)**	**$ –**	**$ (25,284)**

4. Fair Values of Financial Instruments (continued)

	September 30, 2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 130,847	$ –	$ –	$ 130,847
Money market funds	205,455	–	–	205,455
U.S. equity securities	68,466	–	–	68,466
International equity securities	72,842	–	–	72,842
Fixed income:				
U.S. government	103,888	–	–	103,888
Corporate bonds	20,562	–	–	20,562
Mortgage backed securities	44	–	–	44
International government	43,605	28,501	–	72,106
Beneficial interest in remainder trust	1,832	–	–	1,832
Commodities	691	–	–	691
Real estate	725	–	–	725
Interest in Yale University endowment pool	–	–	568,062	568,062
Investments at fair value	$ 648,957	$ 28,501	$ 568,062	1,245,520
Common collective trusts				118,197
Alternative investments				93,049
Perpetual trusts				12,538
Investments not at fair value				223,784
Total investments				$ 1,469,304
Liabilities:				
Interest rate swaps	$ –	$ (26,489)	$ –	$ (26,489)

The amounts reported in the tables as detailed above do not include assets invested in the System's defined benefit pension plan. In addition, included in the tables above at February 28, 2014 and September 30, 2013, are investments in common collective trusts totaling approximately $121.5 million and $118.2 million, respectively, other alternative investments totaling approximately $93.1 million and $93.0 million, respectively, and other perpetual trusts totaling approximately $12.9 million and $12.5 million, respectively, that are accounted for under the equity method of accounting. The beneficial interest in remainder trust listed in the above tables is included in other assets. The interest rate swaps listed above are classified in the accompanying balance sheet as "other long-term liabilities" at February 28, 2014 and September 30, 2013.

4. Fair Values of Financial Instruments (continued)

The following is a rollforward of assets classified as level 3 of the valuation hierarchy:

Interest in Yale University Endowment Pool	
Fair value at September 30, 2012	$ 408,438
2013 unrealized gains and losses	59,624
2013 purchases	100,000
Fair value at September 30, 2013	568,062
2014 unrealized gains and losses	**31,994**
Fair value at February 28, 2014	**$ 600,056**

The fair value of long-term debt was approximately $784.6 million and $770.1 million at February 28, 2014 and September 30, 2013, respectively. The fair value of the capital leases was approximately $51.0 million and $55.5 million at February 28, 2014 and September 30, 2013, respectively.

5. Subsequent Events

The System evaluated events and transactions subsequent to February 28, through May 20, 2014.

Concurrently with the issuance of the Connecticut Health and Educational Facilities Authority Revenue Bonds, Yale-New Haven Health Obligated Group Issue, Series A, B, C, D and E, six members of the System, Yale-New Haven Health Services Corporation ("HSC"), Y-NHH, YNHCCC, Bridgeport Hospital, Bridgeport Hospital Foundation, Inc., and NEMG, are expected to form an obligated group (the "Obligated Group") pursuant to the Master Indenture and an Obligated Group Agreement, dated the date of the issuance of the bonds. HSC serves as agent of the Obligated Group. The members of the Obligated Group have adopted certain governance provisions in their certificates of incorporation and bylaws pursuant to which HSC retains the authority to directly take certain actions on behalf of each Obligated Group member without the approval of the board of trustees of the applicable Obligated Group member, including the incurrence of indebtedness on behalf of each Obligated Group member, the management and control of the liquid assets of each, and the appointment of the president and chief executive officer of each Obligated Group member. GHCS is part of the System; however, is not a member of the Obligated Group.

No other events have occurred that require disclosure in or adjustment to the consolidated interim financial statements.

Supplementary Information (Unaudited)

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries
Unaudited Consolidating Balance Sheet

February 28, 2014

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Assets										
Current assets:										
Cash and cash equivalents	$ 8,727	$ 11,036	$ 33,610	$ 14,424	$ –	$ 67,797	$ 23,116	$ 5,057	$ (4,843)	$ 91,127
Short-term investments:	156	–	776,501	65,776	–	842,433	30,035	36,842	(36,842)	872,468
Accounts receivable for services to patients, less allowance for uncollectible accounts, charity, and free care	–	6,701	248,819	51,544	–	307,064	38,557	2,681	(2,681)	345,621
Professional liabilities insurance recoveries receivable – current portion	–	–	21,082	8,517	–	29,599	4,111	–	–	33,710
Other current assets	106,325	1,325	100,219	17,353	(144,340)	80,882	15,060	2,889	(17,475)	81,356
Amounts on deposit with trustee in debt service fund	–	–	10,473	–	–	10,473	–	–	–	10,473
Total current assets	115,208	19,062	1,190,704	157,614	(144,340)	1,338,245	110,879	47,469	(61,841)	1,434,755
Assets limited as to use	–	–	86,765	–	–	86,765	98,037	–	–	184,802
Long-term investments	11,393	–	224,082	57,329	–	292,804	64,099	6,760	(6,760)	356,903
Deferred financing costs, less accumulated amortization	–	–	7,934	–	–	7,934	429	–	–	8,363
Professional liabilities insurance recoveries receivable – non-current	–	–	58,255	21,355	–	79,610	13,347	–	–	92,957
Goodwill	–	267	44,670	17,217	–	62,154	–	–	–	62,154
Other assets	71,269	3,268	190,706	35,003	(120,271)	179,975	16,099	3,834	(14,468)	185,440
Property, plant, and equipment, net	194,462	1,417	914,086	127,284	–	1,237,249	258,017	7,556	(7,556)	1,495,266
Construction in progress	5,857	–	24,492	19,932	–	50,281	915	246	(246)	51,196
	200,319	1,417	938,578	147,216	–	1,287,530	258,932	7,802	(7,802)	1,546,462
Total assets	$ 398,189	$ 24,014	$ 2,741,694	$ 435,734	$ (264,611)	$ 3,335,020	$ 561,822	$ 65,865	$ (90,871)	$ 3,871,836

* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Unaudited Consolidating Balance Sheet (continued)

February 28, 2014

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Liabilities										
Current liabilities:										
Accounts payable and accrued expenses	$ 81,271	$ 21,445	$ 309,608	$ 55,423	$ (67,590)	$ 400,157	$ 26,051	$ 11,112	$ (19,145)	$ 418,175
Current portion of long-term debt	–	–	11,070	29,286	–	40,356	2,505	–	–	42,861
Current portion of capital lease obligation	–	–	2,301	–	–	2,301	–	668	(668)	2,301
Professional liabilities – current portion	–	–	21,082	8,517	–	29,599	4,111	–	–	33,710
Other current liabilities	–	–	8,206	7,187	–	15,393	10,792	92	(92)	26,185
Total current liabilities	81,271	21,445	352,267	100,413	(67,590)	487,806	43,459	11,872	(19,905)	523,232
Long-term debt, net of current portion	–	–	677,068	46,996	–	724,064	37,710	–	–	761,774
Long-term capital lease obligations, net of current portion	–	–	53,042	–	–	53,042	–	3,075	(3,075)	53,042
Accrued pension and postretirement benefit obligations	9,573	–	197,217	41,927	(9,573)	239,144	20,022	–	–	259,166
Professional liabilities	–	–	126,086	34,370	–	160,456	19,440	37,393	(37,393)	179,896
Other long-term liabilities	208,666	–	182,267	26,904	(187,448)	230,389	19,933	866	(18,126)	233,062
Deferred revenue	–	–	46,081	–	–	46,081	–	–	–	46,081
Total liabilities	299,510	21,445	1,634,028	250,610	(264,611)	1,940,982	140,564	53,206	(78,499)	2,056,253
Net assets										
Unrestricted	98,679	2,569	1,015,392	129,211	–	1,245,851	358,521	12,659	(12,372)	1,604,659
Temporarily restricted	–	–	61,288	34,273	–	95,561	40,678	–	–	136,239
Permanently restricted	–	–	30,986	21,640	–	52,626	22,059	–	–	74,685
Total net assets including non-controlling interest	98,679	2,569	1,107,666	185,124	–	1,394,038	421,258	12,659	(12,372)	1,815,583
Total liabilities and net assets	$ 398,189	$ 24,014	$ 2,741,694	$ 435,734	$ (264,611)	$ 3,335,020	$ 561,822	$ 65,865	$ (90,871)	$ 3,871,836

* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Unaudited Consolidating Statement of Operations and Changes in Net Assets

Five Months Ended February 28, 2014

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Operating revenue:										
Net patient service revenue	$ –	$ 44,314	$ 1,002,266	$ 181,811	$ –	$ 1,228,391	$ 145,689	$ 10,607	$ (10,607)	$ 1,374,080
Less: Provision for bad debt	–	(2,683)	(27,509)	(7,782)	–	(37,974)	(8,205)	–	–	(46,179)
Net patient service revenue, less provision for bad debts	–	41,631	974,757	174,029	–	1,190,417	137,484	10,607	(10,607)	1,327,901
Other revenue	158,922	31,482	23,817	8,799	(164,695)	58,325	5,589	636	(24,837)	39,713
Total operating revenue	158,922	73,113	998,574	182,828	(164,695)	1,248,742	143,073	11,243	(35,444)	1,367,614
Operating expenses:										
Salaries and benefits	76,919	56,882	440,647	83,107	2,302	659,857	62,741	2,706	(2,706)	722,598
Supplies and other expenses	41,014	30,333	456,107	80,890	(146,765)	461,579	65,631	5,377	(30,986)	501,601
Depreciation and amortization	22,244	1,044	49,405	12,720	(17,410)	68,003	10,218	591	(2,667)	76,145
Insurance	14,394	2,920	495	(586)	(15,072)	2,151	(1,641)	200	(2,073)	(1,363)
Interest	–	–	10,692	928	–	11,620	102	119	(119)	11,722
Total operating expenses	154,571	91,179	957,346	177,059	(176,945)	1,203,210	137,051	8,993	(38,551)	1,310,703
Income (loss) from operations	4,351	(18,066)	41,228	5,769	12,250	45,532	6,022	2,250	3,107	56,911
Non-operating gains (losses), net:	17,641	–	31,383	2,896	(12,250)	39,670	(146)	(1,119)	(4,243)	34,162
Excess (deficiency) of revenue over expenses	21,992	(18,066)	72,611	8,665	–	85,202	5,876	1,131	(1,136)	91,073

* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

(Continued on following page).

Yale-New Haven Health Services Corporation
d/b/a Yale New Haven Health System and Subsidiaries

Unaudited Consolidating Statement of Operations and Changes in Net Assets (continued)

Five Months Ended February 28, 2014

	Yale New Haven Health Services Corporation and Subsidiaries	NEMG*	YNH Network Corporation and Subsidiaries	Bridgeport Hospital & Healthcare Services, Inc. and Subsidiaries	Eliminations	Obligated Group*	Greenwich Health Care Services, Inc. and Subsidiaries	Other Non-Obligated Entities	Eliminations	System
Unrestricted net assets:										
Excess (deficiency) of revenue over expenses (continued)	$ 21,992	$ (18,066)	$ 72,611	$ 8,665	$ –	$ 85,202	$ 5,876	$ 1,131	$ (1,136)	$ 91,073
Other changes in net assets	–	–	290	15	–	305	493	–	–	798
Transfer to NEMG	(18,066)	18,066	–	–	–	–	–	–	–	–
Net assets released from restrictions for purchases of fixed assets	–	–	1,265	241	–	1,506	–	–	–	1,506
Increase in unrestricted net assets	3,926	–	74,166	8,921	–	87,013	6,369	1,131	(1,136)	93,377
Temporarily restricted net assets:										
Income from investments	–	–	183	–	–	183	–	–	–	183
Net realized and unrealized gains and losses on investments	–	–	3,112	2,552	–	5,664	2,949	–	–	8,613
Bequests and contributions	–	–	2,855	–	–	2,855	2,691	–	–	5,546
Net assets released from restrictions for purchases of fixed assets	–	–	(1,265)	(241)	–	(1,506)	–	–	–	(1,506)
Net assets released from restrictions for operations	–	–	(305)	(312)	–	(617)	(1,505)	–	–	(2,122)
Net assets released from restrictions for clinical programs	–	–	(3,274)	–	–	(3,274)	–	–	–	(3,274)
Other changes in net assets	–	–	–	241	–	241	–	–	–	241
Increase in temporarily restricted net assets	–	–	1,306	2,240	–	3,546	4,135	–	–	7,681
Permanently restricted net assets:										
Bequests, contributions, and grants	–	–	3,490	852	–	4,342	14	–	–	4,356
Net realized and unrealized gains and losses on investments	–	–	–	–	–	–	(191)	–	–	(191)
Changes in beneficial interest in perpetual trusts	–	–	341	–	–	341	–	–	–	341
Increase (decrease) in permanently restricted net assets	–	–	3,831	852	–	4,683	(177)	–	–	4,506
Increase (decrease) in net assets	3,926	–	79,303	12,013	–	95,242	10,327	1,131	(1,136)	105,564
Net assets at beginning of year	94,753	2,569	1,028,363	173,111	–	1,298,796	410,931	11,528	(11,236)	1,710,019
Net assets at end of year	$ 98,679	$ 2,569	$ 1,107,666	$ 185,124	$ –	$ 1,394,038	$ 421,258	$ 12,659	$ (12,372)	$ 1,815,583

* Includes Northeast Medical Group, PLLC, which is not a Member of the Obligated Group.

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APPENDIX C-1

DEFINITIONS OF CERTAIN TERMS RELATING TO THE FIXED RATE BONDS

The definitions of certain terms set forth below are definitions of terms used in the Series A Indenture, the Series E Indenture, the Series A Agreement and the Series E Agreement and used in this Official Statement.

"Account" or **"Accounts"** means, as the case may be, each or all of the accounts established in Section 5.1 of the Indenture.

"Act" means the State of Connecticut Health and Educational Facilities Authority Act, being Chapter 187 of the General Statutes of Connecticut, Revision of 1958, Sections 10a-176 to 10a-198, inclusive, as amended from time to time.

"Annual Administrative Fee" means the annual fee for the general administrative expenses of the Authority in the amount of ten (10) basis points, paid semiannually, in arrears on the Outstanding principal amount of the Bonds on each June 20 and December 20 while the Bonds are Outstanding.

"Assignment of Contract Documents and Consents" means one or more assignments of contracts (including assignments of construction contracts and warranties; developer's contracts; permits, licenses, approvals and contracts; leases and rents; and construction management agreements) executed and delivered by the Institution to the Authority for assignment to the Trustee as security for the Series E Bonds, together with a consent to such assignment executed by the Person(s) with whom the Institution has contracted.

"Assignment of Note" means the Assignment of Note, dated as of June 1, 2014, from the Authority to the Trustee, assigning the Note securing the Bonds.

"Authority" means the State of Connecticut Health and Educational Facilities Authority, a body politic and corporate of the State of Connecticut, constituting a public instrumentality created by the Act.

"Authorized Denomination" means $5,000 or any integral multiple thereof.

"Authorized Officer" means: (i) in the case of the Authority, the Chairman, Vice Chairman, Executive Director, General Counsel, any Managing Director, any Assistant Director, or any other duly authorized officer of the Authority, and when used with reference to any act or document also means any other person authorized by Resolution of the Authority to perform such act or execute such document; (ii) in the case of the Institution, the chairman, vice chairman, president, vice president for finance, treasurer, chief executive officer, chief financial officer, or chief operating officer of the Institution and any other person or persons authorized by resolution of the Institution to perform any act or execute any document; and (iii) in the case of the Trustee, means any officer in its corporate trust administration department, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the governing body of the Trustee.

"Bond Counsel" means an attorney or firm of attorneys designated by the Authority and having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

"Bondowner" or **"Owner"** or **"Holder"** or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Bond.

"Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series A or Series E, as applicable, authorized, issued and secured pursuant to the Indenture.

"Bond Year" means a period of twelve (12) consecutive months beginning on July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

"Business Day" means any day other than (i) a Saturday or a Sunday; (ii) a day on which the New York Stock Exchange is closed; or (iii) a day on which banking institutions are authorized or required by law or executive order to be closed for commercial banking purposes in New York or Connecticut or such other state where the applicable corporate trust office of the Trustee is located.

"Capitalized Interest Account", if any, means the account for the Series E Bonds so designated, created and established in the Construction Fund pursuant to Section 5.1 of the Indenture.

"Cash Management System" means a cash management system established and operated by the Institution or its delegate for the benefit of some or all entities of which the Institution is (directly or indirectly) a parent, controlling entity, or member.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Construction Account" means the account for the Series E Bonds so designated, created and established in the Construction Fund pursuant to Section 5.1 of the Indenture.

"Construction Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement between the Institution and the Trustee, as dissemination agent, dated as of June 1, 2014, relating to the Bonds, pertaining to disclosure of future material events and annual financial information in accordance with Rule 15c2-12 of the Securities Exchange Commission.

"Cost" or **"Costs"** means, (i) with regard to the Series A Bonds, all costs and expenses of the Authority incurred in connection with the authorization, issuance, sale and delivery of the Series A Bonds including, but not limited to, legal fees and expenses, financial advisory fees, trustee's acceptance fees and expenses under the Indenture and initial (including first annual) fees, fiscal or escrow agent fees, printing fees and travel expenses, and (ii) with regard to the Series E Bonds, as applied to the Project or any portion thereof financed with the proceeds of bonds issued under the provisions of the Act, as approved by the Authority, all or any part of the cost of construction and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements and interests acquired or used for the Project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during and for a period after completion of such construction, cost of architectural and engineering plans, specifications, studies, surveys, and estimates of cost and of revenues, expenses necessary or incident to determining the feasibility or practicability of constructing the Project and such other expenses as may be necessary or incident to the construction and acquisition of the Project, but shall not include such items which are customarily deemed to result in a current operating charge.

"Cost of Issuance" means all costs and expenses of the Authority incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees and expenses, financial advisory fees, trustee's acceptance fees and expenses under the Indenture and initial (including first annual) fees, fiscal or escrow agent fees, printing fees and travel expenses.

"Cost of Issuance Account" means the account for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Debt Service Fund" means the fund so designated, created and established pursuant to Section 5.1 of the Indenture.

"Defeasance Obligations" means: (i) non-callable direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America; and (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local

government unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund 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 redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii) as appropriate, and (d) which are rated "AAA" by Standard & Poor's or "Aaa" by Moody's.

"DTC" means The Depository Trust Company, New York, New York, a New York State limited purpose trust company, subject to regulation by the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System and the New York State Banking Department, or its successors appointed under the Indenture.

"Electronic Means" means telecopy, telegraph, facsimile transmission, e-mail, or other similar electronic means of communication, including a telephonic communication confirmed in writing or written transmission.

"Equal Employment Opportunity Laws" means Executive Order No. 111246, dated September 28, 1965, as supplemented from time to time, and all of the regulations, rules and orders promulgated thereunder, and Chapter 814c of the Connecticut General Statutes, the Human Rights and Opportunities Law, as amended from time to time, and all of the regulations, rules and orders promulgated thereunder.

"Event of Default" means, with respect to the Loan Agreement, any of the events of default set forth in Section 8.1 of the Loan Agreement, and, with respect to the Indenture, any of the events of default set forth in Section 8.1 of the Indenture.

"Fiscal Year" means the fiscal year of the Institution, currently from October 1 to September 30.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"Fund" or **"Funds"** means, as the case may be, each or all of the funds established in Section 5.1 of the Indenture.

"Hazardous Substance Agreements" means the Hazardous Substance Certificates and Indemnification Agreements, each dated as of June 1, 2014, from certain Members of the Obligated Group to the Authority.

"Indenture" means the Trust Indenture between the Authority and the Trustee, dated as of June 1, 2014, as the same may from time to time be amended or supplemented by a Supplemental Indenture or Indentures.

"Independent Insurance Consultant" means a person or firm who is not a director, trustee, employee or officer of the Institution or a director, trustee, employee or member of the Authority, appointed by an Authorized Officer of the Institution and satisfactory to the Authority, qualified to survey risks and to recommend insurance coverage for healthcare facilities and services and organizations engaged in like operations and having a favorable reputation for skill and experience in such surveys and such recommendations, and who may be a broker or agent with whom the Institution transacts business.

"Institution" means Yale-New Haven Health Services Corporation, a non-profit corporation duly organized and existing under the laws of the State and the principal place of business of which is presently located in New Haven, Connecticut.

"Institution Documents" means, collectively, the Loan Agreement, the Continuing Disclosure Agreement, the Hazardous Substance Agreements, the Letter of Representation and Indemnification, the Note, the Tax Regulatory Agreement, and the Master Indenture including all supplements thereto.

"Interest Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Interest Payment Date" means January 1 and July 1 of each year, commencing January 1, 2015.

"Investment Agreement" means an agreement for the investment of moneys held by the Trustee or the Authority pursuant to the Indenture with a Qualified Financial Institution (which may include the entity acting as Trustee).

"Letter of Representation and Indemnification" means the Letter of Representation and Indemnification of the Institution to the Authority and the initial underwriters, of the Bonds, dated the date of the sale of the Bonds.

"Loan Agreement" means the Loan Agreement between the Authority and the Institution, dated as of June 1, 2014, as the same may from time to time be amended or supplemented by a Supplemental Loan Agreement or Agreements.

"Master Indenture" means the Master Trust Indenture (Security Agreement), dated as of February 1, 2013, and effective on June 23, 2014, by and among Yale-New Haven Health Services Corporation, Yale-New Haven Hospital, Inc., Bridgeport Hospital, Bridgeport Hospital Foundation, Inc., Northeast Medical Group, Inc., and Yale-New Haven Care Continuum Corporation, any other future Members of the Obligated Group, and U.S. Bank National Association (or any successor thereto appointed by the Institution), as master trustee, and when amended or supplemented, such Master Indenture, as amended or supplemented.

"Master Trustee" means U.S. Bank National Association and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Master Indenture.

"Members of the Obligated Group" means Yale-New Haven Health Services Corporation, Yale-New Haven Hospital, Inc., Bridgeport Hospital, Bridgeport Hospital Foundation, Inc., Northeast Medical Group, Inc., and Yale-New Haven Care Continuum Corporation, and any future Members of the Obligated Group under the Master Indenture.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"Note" means the Series A Note or Series E Note, as applicable, of the Institution and the other Members of the Obligated Group, dated as of June 1, 2014, given to the Authority and assigned by the Authority to the Trustee pursuant to the Indenture with respect to the Bonds, in a principal amount equal to the principal amount of the Bonds, to evidence the loan to the Institution from the Authority of the proceeds of the Bonds, in substantially the form attached as Schedule A to the Loan Agreement.

"Obligated Group" means, collectively, Yale-New Haven Health Services Corporation, Yale-New Haven Hospital, Inc., Bridgeport Hospital, Bridgeport Hospital Foundation, Inc., Northeast Medical Group, Inc., and Yale-New Haven Care Continuum Corporation, and any future Members of the Obligated Group under the Master Indenture.

"Obligated Group Agent" means Yale-New Haven Health Services Corporation, or such other Member of the Obligated Group as the then incumbent Obligated Group Agent shall designate as a successor by an Officer's Certificate delivered to the Authority, the Trustee and the Master Trustee.

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Institution.

"Official Statement" means the Official Statement of the Authority relating to the Bonds, containing information, data and statistics concerning the Authority, the Institution, the Bonds and other information, and the appendices thereto, including a letter from the Institution.

"Opinion of Bond Counsel" means an opinion in writing signed by Bond Counsel.

"Opinion of Counsel" means an opinion in writing signed by legal counsel acceptable to the Authority and who may be an employee of or counsel to the Institution.

"Outstanding" when used in reference to Bonds, means as of a particular date, all Bonds authenticated and delivered under the Indenture except: (i) any Bond canceled by the Trustee at or before such date; (ii) any Bond or portion thereof paid or deemed paid in accordance with Section 12.1 of the Indenture; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and (iv) any unsurrendered Bond deemed to have been purchased as provided in the Indenture.

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

"**Preliminary Official Statement"** means the Preliminary Official Statement of the Authority relating to the Bonds, containing information, data and statistics concerning the Authority, the Institution and other information, and the appendices thereto, including a letter from the Institution, but without pricing, yield, redemption or maturity information on the Bonds.

"Premises" means the Premises of the Members of the Obligated Group described in the Premises Schedule attached to the Loan Agreement and as defined in the Hazardous Substance Agreements.

"Principal Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Prior Bonds" means the Authority's Revenue Bonds, Yale-New Haven Hospital Issues, Series J-1 and Series M, to be advance refunded with proceeds of the Series A Bonds.

"Project" means the healthcare and related facilities acquired, constructed, renovated, equipped, installed or provided for the Project Users, including necessary attendant facilities, equipment, site work and utilities thereof financed or refinanced with proceeds of the Bonds as set forth on the Project Schedule attached to the Loan Agreement.

"Project Users" means the Members of the Obligated Group that own and operate portions of the Project, being Yale-New Haven Hospital, Inc. and Bridgeport Hospital.

"Purchase Contract" means the Purchase Contract with respect to the Bonds by and between the Authority and the initial underwriters of the Bonds.

"Qualified Financial Institution" means a financial institution that is a domestic corporation, a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a foreign bank acting through a domestic branch or agency which branch or agency is duly licensed or authorized to do business

under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; provided that for each such entity its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, guarantee, agreement or surety bond issued by any such organization, directly or by virtue of a guarantee of a corporate parent thereof have been assigned a long-term credit rating by any two Rating Agencies which is not lower than the two highest ratings (with respect to a foreign bank, the highest rating category) then assigned (*i.e.*, at the time an Investment Agreement or Repurchase Agreement is entered into) by such rating service without qualification by symbols "+" or "-" or a numerical notation.

"Qualified Investments" means the obligations described below:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself; mortgage pass-through securities, mortgage-backed securities pools, collateralized mortgage obligations and all mortgage derivative securities trusts shall not constitute Qualified Investments):

(1) Direct obligations of or fully guaranteed certificates of beneficial ownership of the Export Import Bank of the United States;

(2) Federal Financing Bank;

(3) Participation certificates of the General Services Administration;

(4) Guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; and

(5) Project Notes, Local Housing Authority Bonds, New Communities Debentures and U.S. public housing notes and bonds fully guaranteed by the U.S. Department of Housing and Urban Development.

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies, provided they are rated "AAA" at the time of purchase by at least two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") (stripped securities are only permitted if they have been stripped by the agency itself):

(1) Federal Home Loan Bank System senior debt obligations;

(2) Participation Certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation;

(3) Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and

(4) Consolidated system wide bonds and notes of the Farm Credit System Corporation.

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating of "AAAm" or equivalent by at least two of the NRSROs.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above, issued by commercial banks, savings and loan associations or mutual savings banks where the collateral is held by a third party and the Trustee or the Authority has a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC.

G. Unsecured Investment Agreements (subject to approval of the Authority of any Investment Agreement with a term in excess of thirty (30) days); any Investment Agreement with a term greater than three (3) years must be with an issuer rated "AA" by at least two of the NRSROs unless a lower rating is consented to by the Authority and the Institution.

In the event the counterparty is downgraded below either AA- or Aa3 by Standard & Poor's or Moody's, respectively, or equivalent by an NRSRO:

i. The agreement will be transferred to an acceptable institution that meets the ratings requirement described above, or

ii. Collateral consisting of securities outlined in (A) or (B) above shall be posted that has a value equal to at least 104% of the principal plus accrued interest, or collateral consisting of securities outlined in (C) above shall be posted that has a value equal to at least 105% of the principal plus accrued interest, or

iii. The agreement must be converted into a Repurchase Agreement (See clause (L) below), or

iv. The agreement shall terminate at par plus accrued interest within ten (10) business days should (i), (ii) or (iii) above not be accomplished.

H. Collateralized Investment Agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) the same collateral requirements as outlined in (G)(ii) are followed and (ii) if the provider is downgraded below "A-" and "A3", or equivalent by at least two NRSROs, the agreement shall terminate.

I. Commercial paper rated "Prime-1" by Moody's and "A-1+" by Standard & Poor's, or equivalent by at least two NRSROs, and which matures no more than 270 days from the date of purchase and subject to the following limitations:

a. Only United States issuers of corporate (issued to provide working capital funding) commercial paper including United States issuers with a foreign parent; and

b. Limited-purpose trusts, structured investment vehicles, asset-backed commercial paper conduits, and any other type of specialty finance company, whose purpose is generally limited to acquiring and funding a defined pool of assets that are used to repay obligations, shall not constitute Qualified Investments.

J. Bonds or notes issued by any state or municipality which are rated by any two NRSROs in one of the two highest long-term rating categories assigned by such agencies (without qualification by symbols "+" or "-" or a numerical notation).

K. Federal funds or bankers' acceptances, with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" by Moody's and "A-1" by Standard & Poor's, or equivalent by at least two NRSROs.

L. Repurchase Agreements.

M. Forward delivery agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) permitted deliverables are limited to securities described in (A), (B) and (C) above and (ii) if the provider is downgraded below "A-" or "A3", or equivalent by an NRSRO, the agreement shall terminate.

N. Any state administered pool investment fund in which the Authority is statutorily permitted or required to invest, rated "AAA" or equivalent by one of the NRSROs.

"Rating Agency" means Standard & Poor's, Moody's, Fitch or any other nationally recognized securities rating agency acceptable to the Authority and maintaining a credit rating with respect to the Bonds. Except as otherwise provided herein, if more than one Rating Agency maintains a credit rating with respect to the Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to all such Rating Agencies.

"Rating Category" means one of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier, plus or minus sign, or otherwise.

"Rebate Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Rebate Requirement" means the amount of moneys required to be rebated to the United States Department of the Treasury, the method of calculation of which is described in the Tax Regulatory Agreement.

"Record Date" means the fifteenth day of each June and December.

"Redemption Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Redemption Price" when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Refunding Escrow Deposit Agent" means U.S. Bank National Association, holding such office under the Refunding Escrow Deposit Agreement, as trustee for the Prior Bonds.

"Refunding Escrow Deposit Agreements" means the two Refunding Escrow Deposit Agreements, each dated as of June 1, 2014, and each by and between the Authority and U.S. Bank National Association, as trustee for the Prior Bonds relating to the defeasance of the Prior Bonds.

"Refunding Escrow Deposit Fund" means the Refunding Escrow Deposit Fund established pursuant to the applicable Refunding Escrow Deposit Agreement.

"Repurchase Agreement" means, unless otherwise consented to by the Authority, a written repurchase agreement entered into with a Qualified Financial Institution, a bank acting as a securities dealer or a securities dealer approved by the Authority which is listed by the Federal Reserve Bank of New York as a "Primary Dealer" and rated "AA" or "Aa2" or better by at least two of the NRSROs (unless a lower rating is consented to by the

Authority), under which securities are transferred from a dealer bank or securities firm for cash with an agreement that the dealer bank or securities firm will repay the cash plus a yield in exchange for the securities on a specified date and under which (i) the Authority is the real party in interest and has the right to proceed against the obligor on the underlying obligations which must be obligations of, or guaranteed by, the United States of America; (ii) the term of which shall not exceed one hundred eighty (180) days, unless the Authority shall consent to a longer period; (iii) the collateral must be delivered to the Authority, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) prior to or simultaneous with investment of moneys therein; (iv) such collateral is held free and clear of any lien by the Trustee or an independent third party acceptable by the Authority, acting solely as agent for the Trustee; and (v) the collateral shall be valued weekly, marked to market at current market prices plus accrued interest; provided that at all times the value of the collateral must at least equal the required percentage of the amount invested in the Repurchase Agreement. If the value of such collateral is less than the amount specified, the Qualified Financial Institution or Primary Dealer must invest additional cash or securities such that the collateral value of the amount invested thereafter at least equals as follows: (a) if collateralized by securities described in clause (A) or (B) of the definition of Qualified Investments, at least 104%, or (b) if collateralized by securities described in clause (C) of the definition of Qualified Investments, at least 105%.

"Resolution of the Authority" means a resolution duly adopted by the Authority.

"Revenues" means all amounts paid or payable to the Authority or to the Trustee for the account of the Authority (excluding fees and expenses payable to the Authority and the Trustee and the rights to indemnification of the Authority and the Trustee) under and pursuant to the Loan Agreement and the Note, and as may be further described in a Supplemental Loan Agreement or a Supplemental Indenture.

"Securities Depository" means the securities depository designated as such in Section 2.7 of the Indenture and any successor thereto.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Series D (BH) Bonds" means the Authority's Revenue Bonds, Bridgeport Hospital Issue, Series D, issued May 31, 2012.

"Series A Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series A, dated June 23, 2014.

"Series B Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series B, dated June 23, 2014.

"Series C Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series C, dated June 23, 2014.

"Series D Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series D, dated June 23, 2014.

"Series E Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series E, dated June 23, 2014.

"Series N Bonds" means the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series N, dated February 14, 2013.

"Series O Bonds" means the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series O, dated February 14, 2013.

"Series 2013 Bonds" means Yale-New Haven Hospital, Inc.'s Taxable Bonds, Series 2013, dated February 14, 2013.

"Series 2014 Bonds" means the Institution's Taxable Bonds, Series 2014, dated June 23, 2014.

"Sinking Fund Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Sinking Fund Installment" means the amount of money sufficient to redeem Bonds at the principal amount thereof in the amounts, at the times and in the manner set forth in the Indenture.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"State" means the State of Connecticut.

"Supplemental Indenture" means any indenture of the Authority modifying, altering, amending, supplementing or confirming the Indenture for any purpose, in accordance with the terms thereof.

"Supplemental Loan Agreement" means any agreement between the Authority and the Institution amending or supplementing the Loan Agreement in accordance with the terms of the Indenture.

"Supplemental Master Indenture" means the Supplemental Master Trust Indenture No. 12 to the Master Indenture, dated as of June 1, 2014, by and among the Institution, the other Members of the Obligated Group, and the Master Trustee, and when amended or supplemented, such Supplemental Master Indenture, as amended or supplemented.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement, by and among the Authority, the Institution, and the Project Users named therein, including all appendices, certificates and attachments thereto, executed on the date of issuance and delivery of the Bonds, as it may be amended from time to time.

"Trustee" means U.S. Bank National Association and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Indenture.

"Upfront Fee" means the fee of $5,000 payable by the Institution to the Authority, upon the application for the issuance of the Bonds.

APPENDIX C-2

DEFINITIONS OF CERTAIN TERMS RELATING TO THE VARIABLE RATE BONDS

The definitions of certain terms set forth below are definitions of terms used in the Series B Indenture, the Series C Indenture, the Series D Indenture, the Series B Agreement, the Series C Agreement and the Series D Agreement and used in this Official Statement.

"Account" or **"Accounts"** means, as the case may be, each or all of the accounts established in Section 5.1 of the Indenture.

"Act" means the State of Connecticut Health and Educational Facilities Authority Act, being Chapter 187 of the General Statutes of Connecticut, Revision of 1958, Sections 10a-176 to 10a-198, inclusive, as amended from time to time.

"Adjustable Rate" means any of the following types of interest rates on the Bonds: a Commercial Paper Rate, a LIBOR-Based Rate, a SIFMA-Based Rate, a Bank Purchase Rate, a Daily Rate, a Weekly Rate, a VRO Rate, a Monthly Rate, a Quarterly Rate, a Semiannual Rate and a Term Rate.

"Alternate Index" means the "S&P Weekly High Grade Index" (formerly the J.J. Kenny Index) maintained by Standard & Poor's Securities Evaluations Inc. for weekly obligations, as published on the Determination Date. If the S&P Weekly High Grade Index is no longer available, the Alternate Index for a Determination Date will be the prevailing rate determined by the Institution in consultation with the Remarketing Agent or the Index Agent, as applicable, for tax-exempt state and local government bonds meeting the then-current SIFMA criteria.

"Alternate Rate" means an interest rate per annum equal to either (i) the SIFMA Municipal Swap Index or (ii) the "Weekly High Grade Market Index" comprised of seven-day variable rate demand notes published by Municipal Market Data, as selected by the Institution, or, in the event that any such index is not available, a comparable index or publication of national recognition, as selected by the Remarketing Agent, of bonds or notes similar to the Bonds being priced in terms of security, creditworthiness, term and tender privileges.

"Annual Administrative Fee" means the annual fee for the general administrative expenses of the Authority in the amount of ten (10) basis points, paid semiannually, in arrears on the Outstanding principal amount of the Bonds on each June 20 and December 20 while the Bonds are Outstanding.

"Applicable Percentage" means for any LIBOR-Based Bonds or SIFMA-Based Bonds, the applicable percentage of LIBOR or of the SIFMA Municipal Swap Index, as the case may be, as may be determined in the applicable Bond Terms Certificate; provided, however, that the initial Applicable Percentage for the Bonds issued as LIBOR-Based Bonds shall be as set forth in Section 2.8(2) of the Indenture.

"Applicable Spread" means for any LIBOR-Based Bonds or SIFMA-Based Bonds, the Applicable Spread for such LIBOR-Based Bonds or SIFMA-Based Bonds as may be determined in the applicable Bond Terms Certificate; provided, however, that the initial Applicable Spread for the Bonds issued as LIBOR-Based Bonds shall be as set forth in Section 2.8(2) of the Indenture.

"Assignment of Note" means the Assignment of Note, dated as of June 1, 2014, from the Authority to the Trustee, assigning the Note securing the Bonds.

"Authority" means the State of Connecticut Health and Educational Facilities Authority, a body politic and corporate of the State of Connecticut, constituting a public instrumentality created by the Act.

"Authorized Denomination" means (i) for any LIBOR-Based Rate Bond, SIFMA-Based Rate Bond, Bank Purchase Rate Bond, Daily Rate Bond, Weekly Rate Bond, Monthly Rate Bond, Quarterly Rate Bond, or Semiannual Rate Bond, $100,000 or any integral multiple of $5,000 in excess thereof; (ii) for any Term Rate Bond

or Fixed Rate Bond, $5,000 or any integral multiple thereof; (iii) for any Commercial Paper Rate Bond, $25,000 or any integral multiple thereof; and (iv) for any VRO Rate Bond, $250,000 or any integral multiple of $5,000 in excess thereof.

"Authorized Officer" means: (i) in the case of the Authority, the Chairman, Vice Chairman, Executive Director, General Counsel, any Managing Director, any Assistant Director, or any other duly authorized officer of the Authority, and when used with reference to any act or document also means any other person authorized by Resolution of the Authority to perform such act or execute such document; (ii) in the case of the Institution, the chairman, vice chairman, president, vice president for finance, treasurer, chief executive officer, chief financial officer, or chief operating officer of the Institution and any other person or persons authorized by resolution of the Institution to perform any act or execute any document; and (iii) in the case of the Trustee, means any officer in its corporate trust administration department, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the governing body of the Trustee.

"Available Moneys" means (i) moneys which have been on deposit with the Trustee for at least 123 days (or in the event any such moneys are derived from an affiliate of the Institution, for at least 365 days) during which time no petition by or against the Institution or the Authority under any bankruptcy act (or under any similar act) shall have been filed unless such petition shall have been dismissed and such dismissal shall be final and not subject to appeal; (ii) moneys drawn upon a Credit Facility or a Liquidity Facility; (iii) moneys derived from the remarketing of any Bonds subject to tender and remarketing; (iv) moneys as to which there shall have been delivered to the Trustee an Opinion of Counsel experienced in bankruptcy matters to the effect that payments of such moneys by the Trustee to any Person other than the Institution or the Authority do not constitute a preferential transfer under Section 547 of the United States Bankruptcy Code; (v) proceeds of refunding bonds; or (vi) any investment thereof and the proceeds from the investment thereof.

"Bank Purchase Mode" means the Mode during which Bonds bear interest at the Bank Purchase Rate.

"Bank Purchase Period Record Date" means, with respect to each Interest Payment Date during a Bank Purchase Rate Period, the Business Day next preceding such Interest Payment Date.

"Bank Purchase Rate" means the rate of interest borne by Bonds during any Bank Purchase Rate Period which shall be determined in the applicable Bond Terms Certificate for a Bank Purchase Rate Bond.

"Bank Purchase Rate Bond" means any Bond issued under the Indenture which pays interest at a Bank Purchase Rate.

"Bank Purchase Rate Period" means any period during which the Bonds bear interest at a Bank Purchase Rate.

"Beneficial Owner" shall mean whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by a participant on the records of such participant or such Person's subrogee.

"Bond Counsel" means an attorney or firm of attorneys designated by the Authority and having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

"Bondowner" or **"Owner"** or **"Holder"** or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Bond.

"Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series B, Series C and Series D, as applicable, authorized, issued and secured pursuant to the Indenture.

"Bonds Tendered or Deemed Tendered for Purchase" means with respect to Adjustable Rate Bonds that are subject to optional tender or mandatory tender pursuant to the Indenture, or any portion thereof in an Authorized Denomination, Bonds tendered, or deemed to have been tendered, to the Trustee for purchase on an Optional Tender Date or on a Mandatory Tender Date, as provided in Sections 2.14 and 2.15, respectively, of the Indenture.

"Bond Terms Certificate" means a certificate executed by the Authority and the Institution and delivered to the Trustee not less than three (3) Business Days prior to each Conversion Date (and which may be incorporated into, or made a part of, any Supplemental Indenture delivered with respect to the applicable Conversion Date), which shall establish the Mode and Interest Period into which the Bonds are being converted on such Conversion Date, which shall be deemed to be an integral part of the Indenture, and which shall establish and determine the following:

(i) in connection with a Conversion to a Bank Purchase Rate, (a) the Bank Purchase Rate (if the Bank Purchase Rate to become effective on such Conversion Date is to be a fixed interest rate for such Bank Purchase Rate Period), or the method of determining the Bank Purchase Rate (if the Bank Purchase Rate to become effective on such Conversion Date is to be a variable interest rate for such Bank Purchase Rate Period), (b) the optional redemption provisions, if any, including any no-call period, any Earliest Redemption Date and any applicable Redemption Price, to be in effect for such Bank Purchase Rate Period; (c) the applicable optional or mandatory tender provisions, if any, and any Purchase Dates, to be in effect for such Bank Purchase Rate Period; (d) the term of such Bank Purchase Rate Period for such Bank Purchase Rate Bonds, which shall be from one (1) day in length up to and including a term to the Stated Maturity; (e) the identity of the Remarketing Agent, if any, for such Bank Purchase Rate Period; (f) the Interest Payment Dates to be in effect for such Bank Purchase Rate Period (if other than the first Business Day of each month); and (g) the Determination Date or Dates and the Interest Period or Interest Periods to be in effect for such Bank Purchase Rate Period;

(ii) in connection with a Conversion to a Daily Rate, a Weekly Rate, a VRO Rate, a Monthly Rate, a Quarterly Rate or a Semiannual Rate, the identity of the Remarketing Agent for such Interest Period;

(iii) in connection with a Conversion to a Fixed Rate, (a) the Fixed Rate or Rates; (b) the optional redemption provisions, if any, including any no-call period, any Earliest Redemption Date, and any applicable Redemption Price to be in effect for such Fixed Rate Period; (c) the identity of the Remarketing Agent for the conversion to such Fixed Rate Period; (d) the first Interest Payment Date after the Conversion to such Fixed Rate Period, which shall be a January 1 or a July 1; and (e) any serialization of all or a portion of the Bonds, as provided in Section 2.11(f) of the Indenture, which shall provide for the amortization of the Bonds in approximately the same manner as the annual Sinking Fund Installments for the Bonds established under Section 2.5(b) of the Indenture;

(iv) in connection with a Conversion to a SIFMA-Based Rate Period, (a) the Index to be in effect for such SIFMA-Based Rate Period; (b) the Applicable Spread, if any, to or from the Index to be in effect for such SIFMA-Based Rate Period in order to permit the determination of the SIFMA-Based Rate; (c) the optional redemption provisions, if any, including any no-call period, any Earliest Redemption Date, and any applicable Redemption Price, to be in effect for such SIFMA-Based Period; (d) the applicable optional or mandatory tender provisions, if any, and any Purchase Dates, to be in effect for such SIFMA-Based Rate Period; (e) the term of such SIFMA-Based Rate Period for such SIFMA-Based Bonds, which shall be from thirty (30) days in length up to and including a term to the Stated Maturity; (f) the identity of the Remarketing Agent, if any, and the Index Agent, if any, for such SIFMA-Based Rate Period, and their respective duties; (g) the Interest Payment Dates to be in effect for such SIFMA-Based Rate Period; and (h) the Determination Date or Dates and the Interest Period or Interest Periods to be in effect for such SIFMA-Based Rate Period;

(v) in connection with a Conversion to a LIBOR-Based Rate Period, (a) the interest rate or index (as determined by the Remarketing Agent prior to the Conversion, the One-Month LIBOR Rate or the Three-Month LIBOR Rate, including the spread or percentage thereof) to be in effect for such LIBOR-Based Rate Period; (b) the Applicable Spread, if any, to or from the index (as determined by the Remarketing Agent prior to the Conversion, the One-Month LIBOR Rate or the Three-Month LIBOR Rate) to be in effect for such LIBOR-Based Rate Period in order to permit the determination of the LIBOR-Based Rate; (c) the optional redemption provisions, if any, including any no-call period, any Earliest Redemption Date, and any applicable Redemption Price, to be in effect for such LIBOR-Based Rate Period; (d) the applicable optional or mandatory tender provisions, if any, and any Purchase Dates, to be in effect for such LIBOR-Based Rate Period; (e) the term of such LIBOR-Based Rate Period for such LIBOR-Based Bonds, which shall be from thirty (30) days in length up to and including a term to the Stated Maturity; (f) the identity of the Remarketing Agent, if any, and the Calculation Agent, if any, for such LIBOR-Based Rate Period, and their respective duties; (g) the Interest Payment Dates to be in effect for such LIBOR-Based Rate Period; and (h) the Determination Date or Dates and the Interest Period or Interest Periods to be in effect for such LIBOR-Based Rate Period;

(vi) in connection with a Conversion to a Term Mode, (a) the fixed Term Rate to be in effect for such Term Rate Period; (b) the optional redemption provisions, if any, including any no-call period, any Earliest Redemption Date, and any applicable Redemption Price to be in effect for such Term Rate Period; (c) the term of such Term Rate Period, which shall be from ninety (90) days in length up to and including a term to the day prior to the Stated Maturity; (d) the identity of the Remarketing Agent for the Conversion to such Term Rate; (e) the first Interest Payment Date after the Conversion to such Term Mode, which shall be a January 1 or a July 1; and (f) the Interest Period or Interest Periods to be in effect for such Term Rate Period; and

(vii) in connection with a Conversion to a Commercial Paper Rate Period, (a) the term of such Commercial Paper Rate Period for such Commercial Paper Rate Bonds, which shall be from one (1) day in length up to 270 days in length, but in no case beyond the Stated Maturity; (b) the identity of the Remarketing Agent, if any, for such Commercial Paper Rate Period; and (c) the Interest Period or Interest Periods to be in effect for such Commercial Paper Rate Period.

In addition, a Bond Terms Certificate for any Adjustable Rate Bonds shall determine whether or not a Credit Facility or a Liquidity Facility or neither shall be applicable during such Interest Period, and, if so, the identity of the Credit Facility Provider or the Liquidity Facility Provider, as the case may be, and the number of days of accrued interest to be covered by any such Credit Facility or Liquidity Facility.

"Bond Year" means a period of twelve (12) consecutive months beginning on July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

"Business Day" means any day other than (i) a Saturday or a Sunday; (ii) a day on which the New York Stock Exchange is closed; or (iii) a day on which banking institutions are authorized or required by law or executive order to be closed for commercial banking purposes in New York or Connecticut or such other state where the applicable corporate trust office of the Trustee is located, or where the principal office of the Credit Facility Provider, the Liquidity Facility Provider or the Remarketing Agent is located or in which the documents are required to be delivered to draw upon the Credit Facility or the Liquidity Facility.

"Calculation Agent" means such Calculation Agent as may be selected by the Institution, and its successors or assigns. The Trustee may act as Calculation Agent for the Bonds.

"Calculation Period" means (a) during any Commercial Paper Rate Period, the period from and including the first day of the Commercial Paper Rate Period and to and including the day not more than 270 days thereafter which is a day immediately preceding a Business Day established by the Remarketing Agent pursuant to Section 2.9 of the Indenture; (b) during any Daily Rate Period or VRO Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (c) during any Weekly Rate Period, the period from and including the Wednesday of each week to and including the following Tuesday and with respect to a Conversion to a

Weekly Rate, the period from and including the Conversion Date to and including the following Tuesday, and, thereafter, the period from and including Wednesday of each week to and including the following Tuesday; provided, however, in each case if such Wednesday is not a Business Day, such next succeeding Calculation Period shall begin on the Business Day next succeeding such Wednesday and such Calculation Period shall end on the day before such next succeeding Calculation Period; (d) during any Monthly Rate Period, the period from and including the Conversion Date of the Conversion to but excluding the first Business Day of the following month, and, thereafter each period from and including the first Business Day of the month to but excluding the first Business Day of the following month; (e) during any Quarterly Rate Period, the period from and including the Conversion Date of the Conversion to but excluding the first Business Day of the following month, and, thereafter each period from and including the first Business Day of the quarter to but excluding the first Business Day of the following quarter (a quarter generally being a three-month period commencing on the first Business Day of a month); (f) during any Semiannual Rate Period, the period from and including the Conversion Date of the Conversion to but excluding the next succeeding Interest Payment Date and, thereafter, each period from and including the day following the end of the last Calculation Period to but excluding the next succeeding Interest Payment Date; (g) during any Term Rate Period, any period of not less than 365 days from and including a Business Day to and including any day (established by the Remarketing Agent pursuant to Section 2.10 of the Indenture) not later than the day prior to the Stated Maturity, (h) during any LIBOR-Based Rate Period, the LIBOR-Based Accrual Period, (i) during any SIFMA-Based Rate Period, the SIFMA-Based Accrual Period, and (j) during any Bank Purchase Rate Period, the period established therefor by a Bond Terms Certificate.

"Cash Management System" means a cash management system established and operated by the Institution or its delegate for the benefit of some or all entities of which the Institution is (directly or indirectly) a parent, controlling entity, or member.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Commercial Paper Mode" means the Mode during which Bonds bear interest at the Commercial Paper Rate.

"Commercial Paper Period Record Date" means, with respect to each Interest Payment Date during a Commercial Paper Rate Period, the Business Day next preceding such Interest Payment Date.

"Commercial Paper Rate" means with respect to the first day of each Calculation Period during a Commercial Paper Rate Period, a rate or rates of interest equal to the rate or rates of interest per annum established and certified to the Trustee (with a copy to the Authority and the Institution) by the Remarketing Agent no later than 11:00 a.m. (New York City time) on and as of such day (i.e., the Determination Date) as the minimum rate or rates of interest per annum which, in the opinion of the Remarketing Agent, taking into account the Calculation Period or Calculation Periods for the Bonds, would be necessary on and as of such day to remarket Bonds in a secondary market transaction at a price equal to the principal amount thereof

"Commercial Paper Rate Period" means any period during which the Bonds bear interest at a Commercial Paper Rate or Rates.

"Construction Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement between the Institution and the Trustee, as dissemination agent, dated as of June 1, 2014, relating to the Bonds, pertaining to disclosure of future material events and annual financial information in accordance with Rule 15c2-12 of the Securities Exchange Commission.

"Conversion" means any change in the Mode of interest rate borne by the Bonds pursuant to Sections 2.10, 2.11 or 2.12 of the Indenture.

"Conversion Date" means the Business Day that any Adjustable Rate Bonds are converted to bear interest in another Mode and Interest Period as provided in Sections 2.10, 2.11 or 2.12 of the Indenture.

"Cost" or **"Costs"** means, as applied to the Project or any portion thereof financed with the proceeds of bonds issued under the provisions of the Act, as approved by the Authority, all or any part of the cost of acquisition of the Premises, but shall not include such items which are customarily deemed to result in a current operating charge.

"Cost of Issuance" means all costs and expenses of the Authority incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees and expenses, financial advisory fees, trustee's acceptance fees and expenses under the Indenture and initial (including first annual) fees, fiscal or escrow agent fees, printing fees and travel expenses.

"Cost of Issuance Account" means the account for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Credit Facility" means (i) the Initial Credit Facility; and (ii) any Substitute Credit Facility supporting the Bonds in accordance with the Indenture, in either case under the terms of which the Trustee will be entitled to draw thereon up to (i) an amount sufficient to pay (a) the principal of the Outstanding Bonds when due at maturity or by redemption or acceleration; and (b) the portion of the Purchase Price of Outstanding Bonds Tendered or Deemed Tendered for Purchase which are not remarketed, corresponding to the principal amount of such Bonds; plus (ii) an amount equal to the number of days' accrued interest on the Outstanding Bonds of a Series secured by such Credit Facility (at the Maximum Rate) or as required by any Rating Agency rating the Bonds and as indicated in such Credit Facility to pay (a) interest on the Outstanding Bonds when due at maturity or by redemption or acceleration; or (b) the portion of the Purchase Price of Outstanding Bonds Tendered or Deemed Tendered for Purchase which are not remarketed, corresponding to accrued interest on such Bonds.

"Credit Facility Agreement" means (i) the Initial Credit Facility Agreement; and (ii) any other agreement between the Institution and a Credit Facility Provider pursuant to which a Credit Facility is issued, together with any and all supplements to any such agreement.

"Credit Facility Default Purchase Date" shall mean any Business Day specified by the Trustee for mandatory tender of the Bonds that is at least seven (7) and no more than ten (10) days following receipt by the Trustee of written notice from the Credit Facility Provider that an Event of Default has occurred and is continuing under the Credit Facility Agreement and directing the Trustee to call the Bonds for mandatory tender.

"Credit Facility Documents" means the Credit Facility and the Credit Facility Agreement and any and all other documents, pledge agreements or custodian agreements which the Institution or any other party or parties or their representatives, have executed and delivered or may hereafter execute and deliver to evidence or secure the Credit Facility Provider Payment Obligations, or any part thereof, or in connection therewith, together with any and all supplements thereto.

"Credit Facility Expiration Date" means the stated expiration date of the Credit Facility, as extended from time to time.

"Credit Facility Provider" means (i) with regard to the Series B Bonds, the issuer of any Credit Facility, (ii) with regard to the Series C and Series D Bonds, the Initial Credit Facility Provider; and (iii) the issuer of any Substitute Credit Facility.

"Credit Facility Provider Bonds" means any Bond registered in the name of the Credit Facility Provider or its nominee pursuant to the Indenture or otherwise owned by or pledged to the Credit Facility Provider as security for the Credit Facility Provider Payment Obligations.

"Credit Facility Provider Payment Obligations" means, with respect to a Credit Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution

to the Credit Facility Provider under the Credit Facility Documents, including, but not limited to, amounts due under the Credit Facility Agreement or with respect to the Credit Facility Provider Bonds. The amount of the Credit Facility Provider Payment Obligations shall be established or calculated by the Credit Facility Provider from time to time and furnished to the Trustee in writing denominating the interest portion of such Credit Facility Provider Payment Obligations and the principal portion of such Credit Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

"Credit Facility Provider Rate" means the rate of interest applicable to the Credit Facility Provider Bonds as may be established pursuant to the Credit Facility Documents.

"Credit Facility Substitution Date" means the effective date on which a Substitute Credit Facility is to be substituted for an existing Credit Facility, which shall be no later than the date that is two (2) days prior to the Credit Facility Termination Date (or if such day is not a Business Day, the Business Day preceding such day) for the Credit Facility then being terminated or expiring and being replaced with the Substitute Credit Facility.

"Credit Facility Termination Date" means the Credit Facility Expiration Date or any earlier date on which the Credit Facility is terminated by the Institution.

"Credit/Liquidity Enhancement Fee Account" means the account for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Current Adjustable Rate" means the interest rate borne by Bonds immediately prior to a Conversion.

"Daily Mode" means the Mode during which Bonds bear interest at the Daily Rate.

"Daily Period Record Date" means, with respect to each Interest Payment Date during a Daily Rate Period, the Business Day next preceding such Interest Payment Date.

"Daily Rate" means with respect to the first day of each Calculation Period during a Daily Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Authority and the Institution) by the Remarketing Agent no later than 10:00 a.m. (New York City time) on and as of such day (i.e., the Determination Date) as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Bonds in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon.

"Daily Rate Period" means any period during which the Bonds bear interest at a Daily Rate.

"Debt Service Fund" means the fund so designated, created and established pursuant to Section 5.1 of the Indenture.

"Defeasance Obligations" means: (i) non-callable direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America; and (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund 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 redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable

instructions referred to in subclause (a) of this clause (ii) as appropriate, and (d) which are rated "AAA" by Standard & Poor's or "Aaa" by Moody's.

"Designated Amount" means the principal amount of Bonds bearing interest at the VRO Rate that is designated for tender and purchase in a Tender Notice.

"Determination Date" means, for any Calculation Period, the date on which the interest rates with respect to the Bonds shall be determined, which, with respect to the Daily Rate, the VRO Rate and the Commercial Paper Rate, means the first Business Day occurring during such Calculation Period, with respect to the LIBOR-Based Rate, means each LIBOR-Based Determination Date, with respect to the SIFMA-Based Rate, means each SIFMA-Based Determination Date, with respect to the Bank Purchase Rate, means the date established therefor in a Bond Terms Certificate, and, with respect to the Weekly Rate, Monthly Rate, Quarterly Rate, Semiannual Rate or Term Rate, means the Business Day immediately preceding the first Business Day occurring during such Calculation Period.

"DTC" means The Depository Trust Company, New York, New York, a New York State limited purpose trust company, subject to regulation by the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System and the New York State Banking Department, or its successors appointed under the Indenture.

"Earliest Redemption Date" means, with respect to Bank Purchase Rate Bonds, Term Rate Bonds, Fixed Rate Bonds, SIFMA-Based Bonds, and LIBOR-Based Bonds, the earliest date, if any, on which any such Bonds may be called for optional redemption, as specified in the Indenture or in the applicable Bond Terms Certificate.

"Electronic Means" means telecopy, telegraph, facsimile transmission, e-mail, or other similar electronic means of communication, including a telephonic communication confirmed in writing or written transmission.

"Eligible Bonds" means any Bonds other than Credit Facility Bonds, Liquidity Facility Bonds, Institution Bonds, or any other Bonds owned by, for the account of, or on behalf of, the Authority or the Institution.

"Equal Employment Opportunity Laws" means Executive Order No. 111246, dated September 28, 1965, as supplemented from time to time, and all of the regulations, rules and orders promulgated thereunder, and Chapter 814c of the Connecticut General Statutes, the Human Rights and Opportunities Law, as amended from time to time, and all of the regulations, rules and orders promulgated thereunder.

"Event of Default" means, with respect to the Loan Agreement, any of the events of default set forth in Section 8.1 of the Loan Agreement, and, with respect to the Indenture, any of the events of default set forth in Section 8.1 of the Indenture.

"Failed Remarketing Event" means the failure to successfully remarket Tendered VROs during a Remarketing Window.

"Fed Funds Rate" means the rate labeled Federal Funds (effective) as published in the Federal Reserve Bank Publication H.15.

"Fiscal Year" means the fiscal year of the Institution, currently from October 1 to September 30.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"Fixed Mode" means the Mode during which Bonds bear interest at the Fixed Rate.

"Fixed Rate" means, with respect to the Fixed Rate Conversion Date, the rate of interest per annum established and certified to the Trustee (with a copy to the Authority and the Institution) by the Remarketing Agent no later than 4:00 p.m. (New York City time) no later than the Business Day immediately preceding the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would enable the Remarketing Agent to remarket the Bonds at the lowest net interest cost for such Fixed Rate Bonds under prevailing market conditions, after taking into account any premium or discount at which the Bonds shall be sold by the Remarketing Agent.

"Fixed Rate Conversion Date" shall have the meaning set forth in Section 2.11 of the Indenture.

"Fixed Rate Period" means the period, if any, during which the Bonds bear interest at a Fixed Rate, which period shall commence on the Fixed Rate Conversion Date and extend to the Stated Maturity of the Bonds.

"Fixed Rate Record Date" means, with respect to each Interest Payment Date during the Fixed Rate Period, the fifteenth day of the month next preceding such Interest Payment Date, or, if such day shall not be a Business Day, the next preceding Business Day.

"Fund" or **"Funds"** means, as the case may be, each or all of the funds established in Section 5.1 of the Indenture.

"Hazardous Substance Agreements" means the Hazardous Substance Certificates and Indemnification Agreements, each dated as of June 1, 2014, from certain Members of the Obligated Group to the Authority.

"Indenture" means the Trust Indenture between the Authority and the Trustee, dated as of June 1, 2014, as the same may from time to time be amended or supplemented by a Supplemental Indenture or Indentures.

"Independent Insurance Consultant" means a person or firm who is not a director, trustee, employee or officer of the Institution or a director, trustee, employee or member of the Authority, appointed by an Authorized Officer of the Institution and satisfactory to the Authority, qualified to survey risks and to recommend insurance coverage for healthcare facilities and services and organizations engaged in like operations and having a favorable reputation for skill and experience in such surveys and such recommendations, and who may be a broker or agent with whom the Institution transacts business.

"Index" means (a) the SIFMA Municipal Swap Index, (b) if the SIFMA Municipal Swap Index is no longer published, the Alternate Index, or (c) any other index determined by the Institution in consultation with the Remarketing Agent or the Index Agent.

"Index Agent" means such financial institution or financial advisory firm as designated in the applicable Bond Terms Certificate.

"Initial Credit Facility" means the Irrevocable Transferable Letter of Credit issued by the Initial Credit Facility Provider pursuant to the Initial Credit Facility Agreement and dated the date of issuance of the Bonds, together with any and all supplements thereto.

"Initial Credit Facility Agreement" means each Reimbursement Agreement between the applicable Initial Credit Facility Provider and the Institution, dated as of June 1, 2014, as the same may from time to time be amended or supplemented.

"Initial Credit Facility Provider" means J.P. Morgan Chase Bank, N.A. with respect to the Series C Bonds and Bank of America, N.A. with respect to the Series D Bonds, as issuer of the Initial Credit Facility.

"Initial Interest Payment Date" means July 1, 2014 (for the Series B Bonds) and July 2, 2014 (for the Series C and Series D Bonds).

"Institution" means Yale-New Haven Health Services Corporation, a non-profit corporation duly organized and existing under the laws of the State and the principal place of business of which is presently located in New Haven, Connecticut.

"Institution Bond" means any Bond held by or on behalf of the Institution.

"Institution Documents" means, collectively, the Loan Agreement, the Continuing Disclosure Agreement, the Hazardous Substance Agreements, the Letter of Representation and Indemnification, the Note, the Remarketing Agreement, any Credit Facility Documents, any Liquidity Facility Documents, the Tax Regulatory Agreement, and the Master Indenture including all supplements thereto.

"Interest Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Interest Payment Date" means:

(a) during each Commercial Paper Rate Period, the Business Day immediately succeeding any Calculation Period;

(b) during a LIBOR-Based Rate Period, each January 1, April 1, July 1 and October 1, or the first day or Business Day of each month thereof, or such other dates established therefor in the Bond Terms Certificate;

(c) during a SIFMA-Based Rate Period, each January 1, April 1, July 1 and October 1, or the first day or Business Day of each month thereof, or such other dates established therefor in the Bond Terms Certificate;

(d) during each Daily Rate Period, the first Business Day of each month thereof;

(e) during each Weekly Rate Period, the first Wednesday of each month thereof;

(f) during each Monthly Rate Period, the first Business Day of each month thereof;

(g) during each Quarterly Rate Period, the first Business Day of each month thereof;

(h) during each Semiannual Rate Period, (i) the first Business Day of the sixth calendar month following the month in which the first day of such Semiannual Rate Period occurred, (ii) each anniversary of the date so determined, and (iii) each anniversary of the first day of the first month of such Semiannual Rate Period;

(i) during each Term Rate Period, as established in the Bond Terms Certificate as either (a) each January 1 and July 1, or (b) (i) the first Business Day of the sixth calendar month following the month in which the first day of such Term Rate Period occurred, (ii) each anniversary of the date so determined, (iii) each anniversary of the first day of the first month of such Term Rate Period, and (iv) the Business Day immediately succeeding such Term Rate Period;

(j) during each VRO Rate Period, each January 1 and July 1;

(k) the January 1 or July 1 next succeeding the Fixed Rate Conversion Date and each January 1 and July 1 thereafter; provided, however, that if the January 1 or July 1 next succeeding the Fixed Rate Conversion Date occurs less than twenty-one (21) days after the Fixed

Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

(l) any Conversion Date;

(m) any Mandatory Tender Date on which Bonds are subject to mandatory tender for purchase pursuant to Section 2.15 of the Indenture, optional tender pursuant to Section 2.14 of the Indenture or any day on which the Bonds are subject to redemption in whole pursuant to Section 2.13 of the Indenture;

(n) during each Bank Purchase Rate Period, the first Business Day of each month thereof, or such other dates established therefor in the Bond Terms Certificate;

(o) for any Credit Facility Provider Bonds or Liquidity Facility Provider Bonds, the dates established as interest payment dates in the applicable Credit Facility Agreement or Liquidity Facility Agreement; and

(p) the Stated Maturity of the Bonds.

provided, however, that if any such date determined in any of the foregoing clauses is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day.

"Interest Payment Period" means the period commencing on the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in the initial Interest Period, from the date of original issuance of the Bonds, or the Conversion Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid.

"Interest Period" means the period of time that an interest rate remains in effect, which period:

(i) with respect to any Bonds in a Bank Purchase Rate Period, as shall be established in the applicable Bond Terms Certificate;

(ii) with respect to any Bonds in a Daily Rate Period or a VRO Rate Period, commences on a Business Day and extends to, but does not include, the next succeeding Business Day;

(iii) with respect to any Bonds in a Weekly Rate Period, commences on the first day Bonds begin to accrue interest in the Weekly Rate Period and ends on the next succeeding Tuesday, and thereafter commences on each Wednesday and ends on Tuesday of the following week;

(iv) with respect to any Bonds in the Fixed Rate Period, commences on the Fixed Rate Conversion Date and ends on the day prior to the Stated Maturity of the Bonds;

(v) with respect to any Bonds in a SIFMA-Based Rate Period or a LIBOR-Based Rate Period, as shall be as established in the applicable Bond Terms Certificate;

(vi) with respect to any Bonds in a Monthly Rate Period, a Quarterly Rate Period, a Semiannual Rate Period, or a Term Rate Period, as shall be established in the applicable Bond Terms Certificate; and

(vii) with respect to any Bonds in a Commercial Paper Rate Period, as shall be established in the applicable Bond Terms Certificate.

"Investment Agreement" means an agreement for the investment of moneys held by the Trustee or the Authority pursuant to the Indenture with a Qualified Financial Institution (which may include the entity acting as Trustee).

"Letter of Representation and Indemnification" means the Letter of Representation and Indemnification of the Institution to the Authority and the initial underwriter of the Bonds, dated the date of the sale of the Bonds.

"LIBOR" means the offered rate for deposits in U.S. dollars for a one-month or three-month period, as applicable, 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.

"LIBOR-Based Mode" means the Mode during which Bonds bear interest at the LIBOR-Based Rate.

"LIBOR-Based Accrual Period" means the period from and including the date of Conversion to a LIBOR-Based Rate, or any Interest Payment Date to but excluding the next Interest Payment Date.

"LIBOR-Based Bonds" or **"LIBOR Bonds"** means any Bonds bearing interest at a LIBOR-Based Rate.

"LIBOR-Based Rate" means a rate of interest per annum equal to such percentage, as is determined by the Calculation Agent pursuant to the Indenture at the time the Bonds are converted to bear interest at a LIBOR Based Rate, of the One-Month LIBOR Rate or the Three-Month LIBOR Rate, as applicable, plus the Applicable Spread, if any, determined by the Calculation Agent pursuant to the Indenture and a Bonds Terms Certificate delivered at the time the Bonds are converted to bear interest at a LIBOR-Based Rate; provided, however, that the initial Applicable Spread for the Bonds issued as LIBOR-Based Bonds, the selection of the One-Month LIBOR Rate or the Three-Month LIBOR Rate, and the Applicable Percentage of such One-Month LIBOR Rate or Three-Month LIBOR Rate used in such determination, shall be as set forth in Section 2.8(2) of the Indenture.

"LIBOR-Based Determination Date" means the date that is two London Banking Days preceding the first day of each LIBOR-Based Accrual Period.

"LIBOR-Based Rate Period" means any period during which the Bonds bear interest at a LIBOR-Based Rate.

"LIBOR-Based Rate Period" means each period during which the Bonds bear interest at a LIBOR-Based Rate, commencing on the date such Bonds are converted to bear interest of a LIBOR-Based Rate and ending on the earlier of the day prior to the Scheduled Mandatory Tender Date established pursuant to the Indenture or, as applicable, the Bond Terms Certificate, and the day prior to a Conversion (including Conversion to another LIBOR-Based Rate).

"LIBOR-Based Rate Period Record Date" means, with respect to each Interest Payment Date during a LIBOR-Based Rate Period, the Business Day next preceding such Interest Payment Date.

"Liquidity Facility" means any Liquidity Facility supporting the Bonds in accordance with the Indenture, under the terms of which the Trustee will be entitled to draw thereon up to (i) an amount sufficient to pay the portion of the Purchase Price of Outstanding Bonds Tendered or Deemed Tendered for Purchase which are not remarketed, corresponding to the principal amount of such Bonds; plus (ii) an amount equal to the number of days of accrued interest on the Outstanding Bonds as may be required by each Rating Agency then rating the Bonds (at the Maximum Rate) to pay the portion of the Purchase Price of Outstanding Bonds Tendered or Deemed Tendered for Purchase which are not remarketed, corresponding to accrued interest on such Bonds.

"Liquidity Facility Agreement" means any agreement between the Institution and a Liquidity Facility Provider pursuant to which a Liquidity Facility is issued, together with any and all supplements to any such agreement.

"Liquidity Facility Default Purchase Date" shall mean any Business Day specified by the Trustee for mandatory tender of the Bonds that is at least seven (7) and no more than ten (10) days following receipt by the Trustee of written notice from the Liquidity Facility Provider that an Event of Default has occurred and is continuing under the Liquidity Facility Agreement and directing the Trustee to call the Bonds for mandatory tender.

"Liquidity Facility Documents" means any Liquidity Facility Agreement and any and all other documents, pledge agreements or custodian agreements which the Institution or any other party or parties or their representatives, have executed and delivered or may hereafter execute and deliver to evidence or secure the Liquidity Facility Provider Payment Obligations, or any part thereof, or in connection therewith, together with any and all supplements thereto.

"Liquidity Facility Expiration Date" means the stated expiration date of the Liquidity Facility, as extended from time to time.

"Liquidity Facility Provider" means the issuer of any Liquidity Facility.

"Liquidity Facility Provider Bonds" means any Bond registered in the name of the Liquidity Facility Provider or its nominee pursuant to the Indenture or otherwise owned by or pledged to the Liquidity Facility Provider as security for the Liquidity Facility Provider Payment Obligations.

"Liquidity Facility Provider Payment Obligations" means, with respect to a Liquidity Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution to the Liquidity Facility Provider under the Liquidity Facility Documents, including amounts due under the Liquidity Facility Agreement or with respect to the Liquidity Facility Provider Bonds. The amount of the Liquidity Facility Provider Payment Obligations shall be established or calculated by the Liquidity Facility Provider from time to time and furnished to the Trustee in writing denominating the interest portion of such Liquidity Facility Provider Payment Obligations and the principal portion of such Liquidity Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

"Liquidity Facility Provider Rate" means the rate of interest applicable to the Liquidity Facility Provider Bonds as may be established pursuant to the Liquidity Facility Documents.

"Liquidity Facility Substitution Date" means the effective date on which a Substitute Liquidity Facility is to be substituted for an existing Liquidity Facility, which shall be no later than the date that is two (2) days prior to the Liquidity Facility Termination Date (or if such day is not a Business Day, the Business Day preceding such day) for the Liquidity Facility then being terminated or expiring and replaced with the Substitute Liquidity Facility.

"Liquidity Facility Termination Date" means the Liquidity Facility Expiration Date or any earlier date on which the Liquidity Facility is terminated by the Institution.

"Loan Agreement" means the Loan Agreement between the Authority and the Institution, dated as of June 1, 2014, as the same may from time to time be amended or supplemented by a Supplemental Loan Agreement or Agreements.

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

"**Mandatory Tender Date"** means (i) the date that is two (2) days (or if such day is not a Business Day, the Business Day preceding such day) prior to any applicable Credit Facility Termination Date or any applicable Liquidity Facility Termination Date; (ii) any applicable Credit Facility Substitution Date or any applicable Liquidity Facility Substitution Date; (iii) any Credit Facility Default Purchase Date or any Liquidity Facility Default Purchase Date; (iv) any Conversion Date; and (v) any Purchase Date (other than an Optional Tender Date) for Bonds in the Bank Purchase Rate Period, the LIBOR-Based Rate Period, the SIFMA-Based Rate Period, the Monthly Rate Period, the Quarterly Rate Period, the Semiannual Rate Period, the Term Rate Period, or the Commercial Paper Rate Period, as provided in Section 2.15 of the Indenture or in a Bond Terms Certificate.

"Mandatory Tender Notice" means a notice of a Mandatory Tender Date given by the Trustee in accordance with Section 2.15 of the Indenture.

"Master Indenture" means the Master Trust Indenture (Security Agreement), dated as of February 1, 2013, and effective on June 23, 2014, by and among Yale-New Haven Health Services Corporation, Yale-New Haven Hospital, Inc., Bridgeport Hospital, Bridgeport Hospital Foundation, Inc., Northeast Medical Group, Inc., and Yale-New Haven Care Continuum Corporation, any other future Members of the Obligated Group, and U.S. Bank National Association (or any successor thereto appointed by the Institution), as master trustee, and when amended or supplemented, such Master Indenture, as amended or supplemented.

"Master Trustee" means U.S. Bank National Association and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Master Indenture.

"Members of the Obligated Group" means Yale-New Haven Health Services Corporation, Yale-New Haven Hospital, Inc., Bridgeport Hospital, Bridgeport Hospital Foundation, Inc., Northeast Medical Group, Inc., and Yale-New Haven Care Continuum Corporation, and any future Members of the Obligated Group under the Master Indenture.

"Maximum Rate" means the lesser of (i) the maximum rate then allowable by law, or (ii) twelve percent (12%) per annum.

"Mode" means, as the context may require, the Bank Purchase Mode, the Commercial Paper Mode, the Daily Mode, the Weekly Mode, the VRO Mode, the Monthly Mode, the Quarterly Mode, the Semiannual Mode, the LIBOR-Based Mode, the SIFMA-Based Mode, the Term Mode or the Fixed Mode.

"Monthly Mode" means the Mode during which Bonds bear interest at the Monthly Rate.

"Monthly Period Record Date" means, with respect to each Interest Payment Date during a Monthly Period, the Business Day next preceding such Interest Payment Date.

"Monthly Rate" means with respect to the first day of each Calculation Period during a Monthly Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Authority and the Institution) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Bonds in a secondary market transaction at a price equal to the principal amount thereof.

"Monthly Rate Period" means any period during which the Bonds bear interest at a Monthly Rate.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"Note" means the Series B Note, Series C Note and Series D Note, as applicable, of the Institution and the other Members of the Obligated Group, dated as of June 1, 2014, given to the Authority and assigned by the Authority to the Trustee pursuant to the Indenture with respect to the Bonds, in a principal amount equal to the principal amount of the Bonds, to evidence the loan to the Institution from the Authority of the proceeds of the Bonds, in substantially the form attached as Schedule A to the Loan Agreement.

"Notice Parties" means the Authority, the Trustee, the Remarketing Agent (if any), the Calculation Agent (if any), the Index Agent (if any), the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any).

"Obligated Group" means, collectively, Yale-New Haven Health Services Corporation, Yale-New Haven Hospital, Inc., Bridgeport Hospital, Bridgeport Hospital Foundation, Inc., Northeast Medical Group, Inc., and Yale-New Haven Care Continuum Corporation, and any future Members of the Obligated Group under the Master Indenture.

"Obligated Group Agent" means Yale-New Haven Health Services Corporation, or such other Member of the Obligated Group as the then incumbent Obligated Group Agent shall designate as a successor by an Officer's Certificate delivered to the Authority, the Trustee and the Master Trustee.

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Institution.

"Official Statement" means the Official Statement of the Authority relating to the Bonds, containing information, data and statistics concerning the Authority, the Institution, the Bonds and other information, and the appendices thereto, including a letter from the Institution.

"One-Month LIBOR Rate" means, for each LIBOR-Based Accrual Period, which is the period from and including the Conversion Date of the Conversion to a LIBOR-Based Rate or any Interest Payment Date (each, a "Period Start Date") to but excluding the next such Interest Payment Date (each such period, a "LIBOR-Based Accrual Period"), the rate for deposits in U. S. Dollars with a one-month maturity that appears on Reuters Screen LIBOR01 (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers' Association, for the purpose of displaying LIBOR for U.S. Dollar deposits) as of 11:00 a.m. (London time) on the LIBOR-Based Determination Date, except that, if such rate does not appear on such page on the LIBOR-Based Determination Date, the "One-Month LIBOR Rate" means a rate determined on the basis of the rates at which deposits in U.S. Dollars for a one-month maturity commencing on the related Period Start Date and in a principal amount of at least U.S. $1,000,000 are offered at approximately 11:00 a.m. (London time) on the LIBOR-Based Determination Date, to prime banks in the London interbank market by four major banks in the London interbank market (herein referred to as the "Reference Banks") selected by the Calculation Agent. The Calculation Agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the One-Month LIBOR Rate will be the arithmetic mean of such quotations. If fewer than two quotations are provided, the One-Month LIBOR Rate will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Calculation Agent, at approximately 11:00 a.m. (New York City time) on the related Period Start Date for loans in U.S. Dollars to leading European banks in a principal amount of at least U.S. $1,000,000 having a one-month maturity commencing on such Period Start Date. If none of the banks in New York City selected by the Calculation Agent are then quoting rates for such loans, then the "One-Month LIBOR Rate" for the ensuing LIBOR-Based Accrual Period will mean the One-Month LIBOR Rate in effect in the immediately preceding LIBOR-Based Accrual Period.

"Opinion of Bond Counsel" means an opinion in writing signed by Bond Counsel.

"Opinion of Counsel" means an opinion in writing signed by legal counsel acceptable to the Authority and who may be an employee of or counsel to the Institution.

"Option to Convert" means the Institution's right and option to convert the rate of interest payable on the Bonds from an Adjustable Rate to the Fixed Rate as provided in Section 2.11 of the Indenture.

"Optional Tender Date" means, with respect to any Daily Rate Bond, Weekly Rate Bond or VRO Rate Bond, and, if applicable, any Bank Purchase Rate Bond, LIBOR-Based Rate Bond or SIFMA-Based Rate Bond, a date on which such Bond, or a portion thereof in an Authorized Denomination, is requested to be purchased upon the demand of the Holder thereof in accordance with Section 2.14 of the Indenture.

"Optional Tender Notice" means a notice of an Optional Tender Date given by a Bondholder in accordance with Section 2.14 of the Indenture.

"Outstanding" when used in reference to Bonds, means as of a particular date, all Bonds authenticated and delivered under the Indenture except: (i) any Bond canceled by the Trustee at or before such date; (ii) any Bond or portion thereof paid or deemed paid in accordance with Section 12.1 of the Indenture; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and (iv) any unsurrendered Bond deemed to have been purchased as provided in the Indenture.

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

"Premises" means the Premises of the Members of the Obligated Group described in the Premises Schedule attached to the Loan Agreement and as defined in the Hazardous Substance Agreements.

"Prime Rate" means the rate labeled Bank Prime Loan as published in the Federal Reserve Bank Publication H.15.

"Principal Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Prior Bonds" means, as applicable, the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series K, to be current refunded with proceeds of the Series C Bonds, the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series L, to be current refunded with proceeds of the Series D Bonds and the Authority's Revenue Bonds, Yale-New Haven Hospital Issues, Series J-1 and Series M, to be advance refunded with proceeds of the Series B Bonds.

"Project" means the healthcare and related facilities acquired, constructed, renovated, equipped, installed or provided for the Project Users, including necessary attendant facilities, equipment, site work and utilities thereof financed or refinanced with proceeds of the Bonds as set forth on the Project Schedule attached to the Loan Agreement.

"Project Users" means the Members of the Obligated Group that own and operate portions of the Project, being Yale-New Haven Hospital, Inc. and Bridgeport Hospital.

"Purchase Contract" means the Purchase Contract with respect to the Bonds by and between the Authority and the initial underwriter of the Bonds.

"Purchase Date" means any Optional Tender Date and any Mandatory Tender Date, including (i) during the Commercial Paper Rate Period or the Term Rate Period, the Mandatory Tender Date determined by the Remarketing Agent on the most recent Determination Date or as established in a Bond Terms Certificate as the date or dates on which such Bonds shall be subject to mandatory tender, (ii) during the Daily Rate Period, the Weekly Rate Period or the VRO Rate Period, a Business Day, (iii) during the Bank Purchase Rate Period or the SIFMA-Based Rate Period, the Optional Tender Date, if any, and the Mandatory Tender Date, if any, as established in a Bond Terms Certificate as the date or dates on which such Bonds shall be subject to optional or mandatory tender, and (iv) during the LIBOR-Based Rate Period, the Scheduled Mandatory Tender Date, as established in the Indenture or, as applicable, in a Bond Terms Certificate.

"Purchase Price" means, with respect to the Adjustable Rate Bonds properly tendered for purchase pursuant to the Indenture, the principal thereof, plus accrued interest then due.

"Purchase Fund" means the Purchase Fund so designated, created and established pursuant to Section 5.1 of the Indenture.

"Qualified Financial Institution" means a financial institution that is a domestic corporation, a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a foreign bank acting through a domestic branch or agency which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; provided that for each such entity its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, guarantee, agreement or surety bond issued by any

such organization, directly or by virtue of a guarantee of a corporate parent thereof have been assigned a long-term credit rating by any two Rating Agencies which is not lower than the two highest ratings (with respect to a foreign bank, the highest rating category) then assigned (i.e., at the time an Investment Agreement or Repurchase Agreement is entered into) by such rating service without qualification by symbols "+" or "-" or a numerical notation.

"Qualified Investments" means the obligations described below:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself; mortgage pass-through securities, mortgage-backed securities pools, collateralized mortgage obligations and all mortgage derivative securities trusts shall not constitute Qualified Investments):

(1) Direct obligations of or fully guaranteed certificates of beneficial ownership of the Export Import Bank of the United States;

(2) Federal Financing Bank;

(3) Participation certificates of the General Services Administration;

(4) Guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; and

(5) Project Notes, Local Housing Authority Bonds, New Communities Debentures and U.S. public housing notes and bonds fully guaranteed by the U.S. Department of Housing and Urban Development.

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies, provided they are rated "AAA" at the time of purchase by at least two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") (stripped securities are only permitted if they have been stripped by the agency itself):

(1) Federal Home Loan Bank System senior debt obligations;

(2) Participation Certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation;

(3) Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and

(4) Consolidated system wide bonds and notes of the Farm Credit System Corporation.

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating of "AAAm" or equivalent by at least two of the NRSROs.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above, issued by commercial banks, savings and loan associations or mutual savings banks where the collateral is held by a third party and the Trustee or the Authority has a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC.

G. Unsecured Investment Agreements (subject to approval of the Authority of any Investment Agreement with a term in excess of thirty (30) days); any Investment Agreement with a term greater than three (3) years must be with an issuer rated "AA" by at least two of the NRSROs unless a lower rating is consented to by the Authority and the Institution.

In the event the counterparty is downgraded below either AA- or Aa3 by Standard & Poor's or Moody's, respectively, or equivalent by an NRSRO:

i. The agreement will be transferred to an acceptable institution that meets the ratings requirement described above, or

ii. Collateral consisting of securities outlined in (A) or (B) above shall be posted that has a value equal to at least 104% of the principal plus accrued interest, or collateral consisting of securities outlined in (C) above shall be posted that has a value equal to at least 105% of the principal plus accrued interest, or

iii. The agreement must be converted into a Repurchase Agreement (See clause (L) below), or

iv. The agreement shall terminate at par plus accrued interest within ten (10) business days should (i), (ii) or (iii) above not be accomplished.

H. Collateralized Investment Agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) the same collateral requirements as outlined in (G)(ii) are followed and (ii) if the provider is downgraded below "A-" and "A3", or equivalent by at least two NRSROs, the agreement shall terminate.

I. Commercial paper rated "Prime-1" by Moody's and "A-1+" by Standard & Poor's, or equivalent by at least two NRSROs, and which matures no more than 270 days from the date of purchase and subject to the following limitations:

a. Only United States issuers of corporate (issued to provide working capital funding) commercial paper including United States issuers with a foreign parent; and

b. Limited-purpose trusts, structured investment vehicles, asset-backed commercial paper conduits, and any other type of specialty finance company, whose purpose is generally limited to acquiring and funding a defined pool of assets that are used to repay obligations, shall not constitute Qualified Investments.

J. Bonds or notes issued by any state or municipality which are rated by any two NRSROs in one of the two highest long-term rating categories assigned by such agencies (without qualification by symbols "+" or "-" or a numerical notation).

K. Federal funds or bankers' acceptances, with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" by Moody's and "A-1" by Standard & Poor's, or equivalent by at least two NRSROs.

L. Repurchase Agreements.

M. Forward delivery agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) permitted deliverables are

limited to securities described in (A), (B) and (C) above and (ii) if the provider is downgraded below "A-" or "A3", or equivalent by an NRSRO, the agreement shall terminate.

N. Any state administered pool investment fund in which the Authority is statutorily permitted or required to invest, rated "AAA" or equivalent by one of the NRSROs.

"Quarterly Mode" means the Mode during which Bonds bear interest at the Quarterly Rate.

"Quarterly Period Record Date" means, with respect to each Interest Payment Date during a Quarterly Period, the Business Day next preceding such Interest Payment Date.

"Quarterly Rate" means with respect to the first day of each Calculation Period during a Quarterly Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Authority and the Institution) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Bonds in a secondary market transaction at a price equal to the principal amount thereof.

"Quarterly Rate Period" means any period during which the Bonds bear interest at a Quarterly Rate.

"Rating Agency" means Standard & Poor's, Moody's, Fitch or any other nationally recognized securities rating agency acceptable to the Authority and maintaining a credit rating with respect to the Bonds. Except as otherwise provided herein, if more than one Rating Agency maintains a credit rating with respect to the Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to all such Rating Agencies.

"Rating Category" means one of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier, plus or minus sign, or otherwise.

"Rebate Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Rebate Requirement" means the amount of moneys required to be rebated to the United States Department of the Treasury, the method of calculation of which is described in the Tax Regulatory Agreement.

"Record Date", at any time, means each LIBOR-Based Rate Period Record Date during a LIBOR-Based Rate Period, each SIFMA-Based Rate Period Record Date during a SIFMA-Based Rate Period, each Commercial Paper Period Record Date during a Commercial Paper Rate Period, each Daily Period Record Date during a Daily Rate Period, each VRO Period Record Date during a VRO Rate Period, each Weekly Period Record Date during a Weekly Rate Period, each Monthly Period Record Date during a Monthly Rate Period, each Quarterly Period Record Date during a Quarterly Rate Period, each Semiannual Period Record Date during a Semiannual Rate Period, Term Period Record Date during a Term Rate Period and each Fixed Rate Record Date during the Fixed Rate Period.

"Redemption Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Redemption Price" when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Redemption Terms Certificate" means a certificate delivered to the Authority, the Trustee and the Institution by the Remarketing Agent or another investment banking firm (selected by the Institution and approved by the Authority) prior to and in connection with a Conversion to any Term Rate Period or a Fixed Rate Period, which certificate shall establish, if applicable, a no-call period, if any, and an Earliest Redemption Date, if any, for the Bonds being converted, and, if applicable, the Redemption Price for the Bonds being converted, all as certified

by the Remarketing Agent or such investment banking firm as being, based upon their experience, in their belief, industry standard at the time of such Conversion for tax-exempt bonds of similar remaining maturity, security and ratings as the Bonds.

"Refunding Escrow Deposit Agent", if any, means U.S. Bank National Association, holding such office under the Refunding Escrow Deposit Agreement, as trustee for the Prior Bonds.

"Refunding Escrow Deposit Agreements" , if any, means the two Refunding Escrow Deposit Agreements, each dated as of June 1, 2014, and each by and between the Authority and U.S. Bank National Association, as trustee for the Prior Bonds and relating to the defeasance of the Prior Bonds.

"Refunding Escrow Deposit Fund" , if any, means the Refunding Escrow Deposit Fund established pursuant to the applicable Refunding Escrow Deposit Agreement.

"Remarketing Agent" means any remarketing agent for the Bonds pursuant to a Remarketing Agreement appointed pursuant to Section 7.18 of the Indenture, and any successor thereto consented to by the Authority.

"Remarketing Agreement" means any Remarketing Agreement by and between the Institution and the Remarketing Agent and consented to by the Authority, as the same may from time to time be amended or supplemented, and if the Remarketing Agent has been replaced by a successor Remarketing Agent, any similar agreement between the Institution and such successor Remarketing Agent.

"Remarketing Date" means the date set forth by the Remarketing Agent in a Remarketing Notice with respect to VROs on which a purchaser or purchasers have been identified for the purchase of such VROs.

"Remarketing Date Purchase Price" means the Purchase Price of Tendered VROs following a Failed Remarketing Event.

"Remarketing Notice" means the notice given by the Remarketing Agent to the Holders of VROs to the effect that a purchaser or purchasers have been identified for the purchase of such VROs on the VRO Purchase Date or Remarketing Date.

"Remarketing Window" means the period beginning on the Tender Notice Date for Tendered VROs and ending on the Business Day immediately preceding the VRO Purchase Date.

"Repurchase Agreement" means, unless otherwise consented to by the Authority and the Credit Facility Provider, a written repurchase agreement entered into with a Qualified Financial Institution, a bank acting as a securities dealer or a securities dealer approved by the Authority which is listed by the Federal Reserve Bank of New York as a "Primary Dealer" and rated "AA" or "Aa2" or better by at least two of the NRSROs (unless a lower rating is consented to by the Authority), under which securities are transferred from a dealer bank or securities firm for cash with an agreement that the dealer bank or securities firm will repay the cash plus a yield in exchange for the securities on a specified date and under which (i) the Authority is the real party in interest and has the right to proceed against the obligor on the underlying obligations which must be obligations of, or guaranteed by, the United States of America; (ii) the term of which shall not exceed one hundred eighty (180) days, unless the Authority and the Credit Facility Provider shall consent to a longer period; (iii) the collateral must be delivered to the Authority, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) prior to or simultaneous with investment of moneys therein; (iv) such collateral is held free and clear of any lien by the Trustee or an independent third party acceptable by the Authority, acting solely as agent for the Trustee; and (v) the collateral shall be valued weekly, marked to market at current market prices plus accrued interest; provided that at all times the value of the collateral must at least equal the required percentage of the amount invested in the Repurchase Agreement. If the value of such collateral is less than the amount specified, the Qualified Financial Institution or Primary Dealer must invest additional cash or securities such that the collateral value of the amount invested thereafter at least equals as follows: (a) if collateralized by securities described in clause (A) or (B) of the definition of Qualified Investments, at least 104%, or (b) if collateralized by securities described in clause (C) of the definition of Qualified Investments, at least 105%.

"Resolution of the Authority" means a resolution duly adopted by the Authority.

"Retaining Holder" means a Holder of VROs (that are not Tendered VROs and thus the subject of a Failed Remarketing Event) that delivers notice to the Remarketing Agent at least three Business Days prior to the Remarketing Date to the effect that such Holder wishes to retain its VROs.

"Revenues" means all amounts paid or payable to the Authority or to the Trustee for the account of the Authority (excluding fees and expenses payable to the Authority and the Trustee and the rights to indemnification of the Authority and the Trustee) under and pursuant to the Loan Agreement and the Note, and as may be further described in a Supplemental Loan Agreement or a Supplemental Indenture.

"Scheduled Mandatory Tender Date" means for any LIBOR-Based Bond, the scheduled mandatory tender date as may be determined in the Indenture or, as applicable, in the applicable Bond Terms Certificate, provided that the initial Scheduled Mandatory Tender Date for the Bonds issued as LIBOR-Based Bonds shall be as set forth in Section 2.8(2) of the Indenture.

"Securities Depository" means the securities depository designated as such in Section 2.6 of the Indenture and any successor thereto.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Semiannual Mode" means the Mode during which Bonds bear interest at the Semiannual Rate.

"Semiannual Period Record Date" means, with respect to each Interest Payment Date during a Semiannual Rate Period, the fifteenth day of the calendar month next preceding such Interest Payment Date.

"Semiannual Rate" means with respect to the first day of each Calculation Period during a Semiannual Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Authority and the Institution) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Bonds in a secondary market transaction at a price equal to the principal amount thereof.

"Semiannual Rate Period" means any period during which the Bonds bear interest at a Semiannual Rate.

"Series D (BH) Bonds" means the Authority's Revenue Bonds, Bridgeport Hospital Issue, Series D, issued May 31, 2012.

"Series A Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series A, dated June 23, 2014.

"Series B Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series B, dated June 23, 2014.

"Series C Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series C, dated June 23, 2014.

"Series D Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series D, dated June 23, 2014.

"Series E Bonds" means the Authority's Revenue Bonds, Yale New Haven Health Issue, Series E, dated June 23, 2014.

"Series N Bonds" means the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series N, dated February 14, 2013.

"Series O Bonds" means the Authority's Revenue Bonds, Yale-New Haven Hospital Issue, Series O, dated February 14, 2013.

"Series 2013 Bonds" means Yale-New Haven Hospital, Inc.'s Taxable Bonds, Series 2013, dated February 14, 2013.

"Series 2014 Bonds" means the Institution's Taxable Bonds, Series 2014, dated June 23, 2014.

"SIFMA" means the Securities Industry and Financial Markets Association, or any successor to such organization.

"SIFMA-Based Mode" means the Mode during which Bonds bear interest at the SIFMA Based Rate.

"SIFMA-Based Accrual Period" means the period from and including the date of Conversion to a SIFMA-Based Rate, or any Interest Payment Date to but excluding the next Interest Payment Date.

"SIFMA-Based Bonds" or "SIFMA Bonds" means any Bonds bearing interest at a SIFMA-Based Rate.

"SIFMA-Based Rate" means a rate of interest per annum equal to such percentage, as is determined by the Index Agent pursuant to the Indenture at the time the Bonds are converted to bear interest at a SIFMA-Based Rate, of the SIFMA Municipal Swap Index plus the Applicable Spread, if any, determined by the Index Agent pursuant to the Indenture and a Bond Terms Certificate delivered at the time the Bonds are converted to bear interest at a SIFMA-Based Rate.

"SIFMA-Based Determination Date" means the date that is two Business Days preceding the first day of each SIFMA-Based Accrual Period**.**

"SIFMA-Based Rate Period" means any period during which the Bonds bear interest at a SIFMA-Based Rate.

"SIFMA-Based Rate Period Record Date" means with respect to each Interest Payment Date during a SIFMA-Based Rate Period, the Business Day next preceding such Interest Payment Date.

"SIFMA Municipal Swap Index" means the Securities Industry and Financial Markets Association Municipal Swap Index, which is an index compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day, for the most recently preceding Business Day.

"Sinking Fund Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Sinking Fund Installment" means the amount of money sufficient to redeem Bonds at the principal amount thereof in the amounts, at the times and in the manner set forth in the Indenture.

"Spread Premium" means, if any, for any LIBOR-Based Bond to which such Spread Premium is applicable, as of any redemption date or Purchase Date, the present value of the product of (a) the excess, if any, of (i) the per annum spread above the percentage of the One Month LIBOR Rate or the Three Month LIBOR Rate, as applicable, at which such LIBOR-Based Bonds bear interest over (ii) an interest rate per annum set forth in a Bond Terms Certificate and (b) the principal amount of the LIBOR-Based Bonds to be redeemed or subject to mandatory tender for purchase, determined as if such product were payable quarterly from such redemption date or Purchase Date to the applicable redemption date or Purchase Date but assuming no such LIBOR-Based Bonds were otherwise redeemed prior to maturity, discounting to the redemption date or Purchase Date quarterly at a discount rate equal to (a) 67% (or such other spread or percentage set forth in a Bond Terms Certificate and established prior to any Conversion) of the USD ISDA-Swap Rate (for the designated maturity that is closest to the applicable redemption

date or Purchase Date) appearing on Reuters at 11:00 a.m., New York City time, two U.S. Government Securities Business Days prior to the first mailing of notice of such redemption, plus (b) an interest rate per annum set forth in a Bond Terms Certificate.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"State" means the State of Connecticut.

"Stated Maturity" means July 1, 2049 (with regard to the Series B Bonds), July 1, 2025 (with regard to the Series C Bonds) and July 1, 2048 (with regard to the Series D Bonds); provided, in any case where the date of maturity of premium of, interest on, or principal of, the Bonds or the date fixed for redemption of any Bonds shall be on a day other than a Business Day, then payment of interest, principal and premium, if any, need not be made on such date but may be made (without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption.

"Step-Up Rate" means a rate, determined by the Remarketing Agent or the Calculation Agent, as applicable, on each Business Day during which such rate is determined to apply, equal to the greater of: (i) 8%, (ii) the Fed Funds Rate plus 2.50%, (iii) the Prime Rate plus 2.50%, and (iv) 150% of the yield on actively traded 30-year United States Treasury Notes; provided, however, in no event shall the rate exceed the VRO Maximum Rate.

"Substitute Credit Facility" means any letter of credit, bond insurance policy, standby bond purchase agreement, guaranty, line of credit, surety bond or similar credit facility meeting the requirements of, and delivered to the Trustee in accordance with the Indenture and the Loan Agreement, together with any and all supplements thereto.

"Substitute Liquidity Facility" means any letter of credit, bond insurance policy, bond purchase agreement, guaranty, line of credit, surety bond or similar credit facility meeting the requirements of, and delivered to the Trustee in accordance with the Indenture and the Loan Agreement, together with any and all supplements thereto.

"Supplemental Indenture" means any indenture of the Authority modifying, altering, amending, supplementing or confirming the Indenture for any purpose, in accordance with the terms thereof.

"Supplemental Loan Agreement" means any agreement between the Authority and the Institution amending or supplementing the Loan Agreement in accordance with the terms of the Indenture.

"Supplemental Master Indenture" means the Supplemental Master Trust Indenture No. 10 to the Master Indenture, dated as of June 1, 2014, by and among the Institution, the other Members of the Obligated Group, and the Master Trustee, and when amended or supplemented, such Supplemental Master Indenture, as amended or supplemented.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement, by and among the Authority, the Institution, and the Project Users named therein, including all appendices, certificates and attachments thereto, executed on the date of issuance and delivery of the Bonds, as it may be amended from time to time.

"Tender Notice" means a tender notice from a Holder of a Bond bearing interest at the VRO Rate.

"Tender Notice Date" means any Business Day.

"Tender Notice Deadline" shall mean (i) during the Daily Rate Period, 11:00 a.m. (New York City time) on any Business Day that is one (1) Business Day prior to the applicable Optional Tender Date; (ii) during the

Weekly Rate Period, 3:00 p.m. (New York City time) on the Business Day that is seven (7) calendar days prior to the applicable Optional Tender Date; (iii) during the VRO Rate Period, 5:00 p.m. (New York City time) on any Business Day that is seven (7) calendar days prior to the applicable Optional Tender Date; and (iv) during any Bank Purchase Rate Period, LIBOR-Based Rate Period or SIFMA-Based Rate Period for Adjustable Rate Bonds that have an Optional Tender Date, 3:00 p.m. (New York City time) on a Business Day that is not less than fifteen (15) days prior to the applicable Optional Tender Date (or as otherwise established in a Bond Terms Certificate).

"Tendered VROs" means the Designated Amount of VROs with respect to which a Tender Notice has been received by the Remarketing Agent.

"Term Mode" means the Mode during which Bonds bear interest at the Term Rate.

"Term Period Record Date" means, with respect to each Interest Payment Date during a Term Rate Period, the fifteenth day of the month next preceding such Interest Payment Date.

"Term Rate" means with respect to the first day of each Calculation Period during a Term Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Authority and the Institution) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket such Bonds in a secondary market transaction at a price equal to the principal amount thereof.

"Term Rate Period" means any period during which the Bonds bear interest at a Term Rate.

"Three-Month LIBOR Rate" means, for each LIBOR-Based Accrual Period, which is the period from and including the Conversion Date of the Conversion to a LIBOR-Based Rate or any Interest Payment Date (each, a "Period Start Date") to but excluding the next such Interest Payment Date (each such period, a "LIBOR-Based Accrual Period"), the rate for deposits in U. S. Dollars with a three-month maturity that appears on Reuters Screen LIBOR01 (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers' Association, for the purpose of displaying LIBOR for U.S. Dollar deposits) as of 11:00 a.m. (London time) on the LIBOR-Based Determination Date, except that, if such rate does not appear on such page on the LIBOR-Based Determination Date, the "Three-Month LIBOR Rate" means a rate determined on the basis of the rates at which deposits in U.S. Dollars for a three-month maturity commencing on the related Period Start Date and in a principal amount of at least U.S. $1,000,000 are offered at approximately 11:00 a.m. (London time) on the LIBOR-Based Determination Date, to prime banks in the London interbank market by four major banks in the London interbank market (herein referred to as the "Reference Banks") selected by the Calculation Agent. The Calculation Agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the Three-Month LIBOR Rate will be the arithmetic mean of such quotations. If fewer than two quotations are provided, the Three-Month LIBOR Rate will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Calculation Agent, at approximately 11:00 a.m. (New York City time) on the related Period Start Date for loans in U.S. Dollars to leading European banks in a principal amount of at least U.S. $1,000,000 having a three-month maturity commencing on such Period Start Date. If none of the banks in New York City selected by the Calculation Agent are then quoting rates for such loans, then the "Three-Month LIBOR Rate" for the ensuing LIBOR-Based Accrual Period will mean the Three-Month LIBOR Rate in effect in the immediately preceding LIBOR-Based Accrual Period.

"Trustee" means U.S. Bank National Association and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Indenture.

"Upfront Fee" means the fee of $5,000 payable by the Institution to the Authority, upon the application for the issuance of the Bonds.

"USD-ISDA-Swap Rate" means, for a designated maturity and date, the rate for U.S. dollar swaps of such maturity, expressed as a percentage, which appears on the Reuters Money 3000 Service on the page designated ISDAFIX1 (or such other page as may replace that page on such service for the purpose of displaying comparable

rates) at 11:00 a.m. (New York City time) on the day which is two U.S. Government Securities Business Days prior to such date. If such rate does not appear on such page on such day, then "USD-ISDA-Swap Rate" for such maturity and date means the percentage determined on the basis of mid-market semi-annual swap rate quotations provided by five leading swap dealers (each, a "New York Reference Bank") in the New York City interbank market (as selected by the Calculation Agent) or its successors and assigns and subject to the approval of the Institution, which approval shall not be unreasonably withheld) at approximately such time on such day as the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. Dollar interest rate swap transaction with an effective date of the relevant early termination date and a termination date equal to such maturity, in an amount that is representative for a single transaction in such market at such time, with an acknowledged dealer of good credit in such market, where the floating rate, calculated on the basis of a 360-day year for actual days elapsed, is equal to LIBOR for loans with a three-month duration. The Calculation Agent will request the principal New York City office of each of the New York Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the USD-ISDA-Swap Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading U.S. government securities.

"VRO" or **"VROs"** means the Bonds bearing interest at the VRO Rate.

"VRO Authorized Denominations" means denominations of $250,000 or any integral multiple of $5,000 in excess thereof.

"VRO Interest Accrual Date" means the first day of each VRO Mode Period and each VRO Interest Payment Date thereafter.

"VRO Interest Payment Date" means each January 1 and July 1.

"VRO Maximum Rate" means eight percent (8.0%) per annum, or as otherwise provided in a Bond Terms Certificate.

"VRO Mode Period" or **"VRO Rate Mode"** means the period of time during which any of the Bonds bear interest at a VRO Rate.

"VRO Mode" means the Mode during which Bonds bear interest at the VRO Rate.

"VRO Period Record Date" means, with respect to each Interest Payment Date during a VRO Rate Period, the Business Day next preceding such Interest Payment Date.

"VRO Purchase Date" means the fifth (5^{th}) Business Day following the applicable Tender Notice Date.

"VRO Purchase Price" means the Purchase Price with respect to Tendered VROs.

"VRO Rate" means the rate of interest so designated to be borne by the Bonds during the VRO Rate Period as set forth in the Indenture, including, but not limited to, the Step-Up Rate.

"VRO Rate Determination Date" means each Business Day.

"VRO Rate Effective Date" means the Business Day following each VRO Rate Determination Date.

"VRO Rate Period" means any period during which the Bonds bear interest at a VRO Rate.

"VRO Special Mandatory Redemption Date" means the third anniversary of the Tender Notice Date relating to the Tender Notice that resulted in the applicable Failed Remarketing Event (or if such day is not a Business Day, the next preceding Business Day).

"Weekly Mode" means the Mode during which Bonds bear interest at the Weekly Rate.

"Weekly Period Record Date" means, with respect to each Interest Payment Date during a Weekly Rate Period, the Business Day next preceding such Interest Payment Date.

"Weekly Rate" means with respect to the first day of each Calculation Period during a Weekly Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Authority and the Institution) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Bonds in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon.

"Weekly Rate Period" means any period during which the Bonds bear interest at a Weekly Rate.

APPENDIX D-1

EXCERPTS FROM THE FIXED RATE INDENTURES

The following are excerpts of certain provisions of the Series A Indenture and the Series E Indenture (together, the "Fixed Rate Indentures"). Except for minor, immaterial differences, the Fixed Rate Indentures are substantially identical. The following should not be regarded as full statements of the Fixed Rate Indentures. Reference is made to the Fixed Rate Indentures in their entirety for a complete statement of the provisions thereof, copies of which are on file with the Trustee.

PROVISIONS OF GENERAL APPLICATION

SECTION 1.2. INDENTURE, ANY SUPPLEMENTAL INDENTURE AND BONDS CONSTITUTE A CONTRACT. In consideration of the purchase and acceptance of any and all of the Bonds secured and issued under this Indenture: (i) this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of such Bonds; (ii) the pledge made herein and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Owners from time to time of any and all of such Bonds all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof except as expressly provided in or permitted hereby or by the applicable Supplemental Indenture, if any; (iii) the Authority does hereby pledge and assign to the Trustee, for the benefit of the Owners of the Bonds, the trust estate, the Revenues and all moneys and securities from time to time held by the Trustee and the Authority in any of the funds and accounts established under the terms of this Indenture (other than the Rebate Fund), and all income and receipts earned thereon, subject to the terms and provisions of this Indenture; (iv) the pledge made hereby shall be valid and binding from the time when the pledge is made and the Revenues and all income and receipts earned on funds held by the Trustee and the Authority hereunder (other than the Rebate Fund) and any further pledge of property under the applicable Supplemental Indenture, if any, shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof; and (v) the Bonds shall be special obligations of the Authority payable solely from and secured by a pledge of Revenues and certain moneys and funds as provided hereby and by the applicable Supplemental Indenture, if any.

PARTICULARS FOR ALL BONDS

SECTION 3.1. SUBORDINATED BONDS. The Authority may also issue revenue bonds for any purpose permitted under the Act secured by a charge and lien on, and payable from, the Revenues which is junior, inferior and subordinate in all respects to the lien of the Revenues which secures the Bonds. Subordinated bonds may be issued pursuant to and in accordance with the provisions of a resolution of the Authority authorizing such bonds or otherwise as determined by the Authority and shall be issued pursuant to an instrument other than this Indenture.

SECTION 3.2. MEDIUM OF PAYMENT OF BONDS. The Bonds shall be payable as to principal and Redemption Price, if any, and interest thereon in lawful money of the United States of America. Payment of the interest on the Bonds shall be made to the person appearing on the registration books of the Authority provided for herein as the Bondowner thereof on the Record Date, by wire or by check or draft mailed by the Trustee to the Bondowner at the address of such Bondowner as shown on such registration books of the Authority, kept by the Trustee unless an alternate method of payment is agreed to by the Trustee and the Bondowner, subject to the approval of the Authority, which approval shall not be unreasonably withheld. The principal or Redemption Price of Bonds shall be paid to the Bondowner upon presentation and surrender of the Bonds at the designated corporate trust office of the Trustee or in the manner provided in any Supplemental Indenture.

SECTION 3.5. REGISTRATION AND TRANSFER OF BONDS. The Bonds shall be registered as to both principal and interest.

The Authority shall cause to be prepared books for registration of the Bonds, which registration books shall be kept by the Trustee which is hereby designated as the registrar for the purpose of registering the Bonds. The Trustee shall also act as transfer agent for the Bonds.

So long as any of the Bonds shall remain Outstanding, the Trustee shall maintain and keep, at its designated corporate trust office, books for the registration and transfer of such Bonds; and, upon presentation thereof for such purpose at such office, the Trustee shall register or cause to be registered, and permit to be transferred, under such reasonable regulations as the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Trustee shall make all necessary provisions to permit the exchange of such Bonds at its designated corporate trust office.

Each Bond shall be transferable only upon the books of the Authority which shall be kept for that purpose at the designated corporate trust office of the Trustee, at the written request of the Bondowner thereof or such Bondowner's attorney duly authorized in writing, upon surrender thereof at such office, together with a written instrument of transfer satisfactory to the Trustee and such other documents as shall be reasonably required by the Trustee duly executed by the Bondowner or his duly authorized attorney. Upon the transfer of any such Bond or Bonds, the Trustee shall issue in the name of the transferee, in Authorized Denominations, a new Bond or Bonds, of the same aggregate principal amount, maturity and interest rate as the surrendered Bond or Bonds.

The Authority and the Trustee may deem and treat the Bondowner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to any such Bondowner or upon such Bondowner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging or transferring is exercised, the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be obliged to make any such exchange or transfer of Bonds, during the period from each Record Date to the following Interest Payment Date or, in the case of a proposed redemption of Bonds if such Bonds are eligible to be selected or have been selected for redemption, during the forty-five (45) days next preceding the date fixed for such redemption.

SECTION 3.6. BONDS MUTILATED, DESTROYED, LOST OR STOLEN. In case any Bond shall become mutilated or be destroyed, lost or stolen, upon request, the Trustee shall authenticate and deliver a new Bond in exchange for the mutilated Bond or in lieu of and substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Authority and to the Trustee such security or indemnity as may be required by them to save each of them harmless from all risks, however remote, and the applicant shall also furnish to the Authority and to the Trustee evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof. The Trustee may authenticate any Bond issued upon such exchange or substitution and deliver the same upon the written request or authorization of an Authorized Officer of the Authority. Upon the issuance of any Bond upon such exchange or substitution, the Authority and the Trustee may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees and expenses, of the Authority or the Trustee. In case any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Authority may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Authority and the Trustee such security or indemnity as they may require to save them harmless, and evidence to the satisfaction of the Authority and the Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond which is destroyed, lost or stolen shall constitute a contractual obligation of the Authority, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all rights or remedies, notwithstanding any law or statute (to the extent permitted under such law or statute) existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

REDEMPTION OF BONDS

SECTION 4.3. PAYMENT OF REDEEMED BONDS. Notice having been given in the manner provided in Section 4.2 hereof, and the conditions for such redemption having been met, the Bonds (or portions thereof) so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus accrued interest to the redemption date, and upon presentation and surrender thereof at the office specified in such notice, such Bonds (or portions thereof) shall be paid at the Redemption Price, plus accrued interest to the redemption date; provided, however, that Bonds containing or having endorsed thereon a legend in accordance with Section 2.7(c) of this Indenture need not be presented or surrendered in the manner described in this Section. If, on the redemption date, moneys for the redemption of all Bonds (or portions thereof) to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on such date, and after notice of redemption shall have been given as aforesaid, then, from and after the redemption date, the Bonds (or portions thereof) so called for redemption shall cease to bear interest and such Bonds (or portions thereof) shall no longer be considered as Outstanding hereunder. If such moneys shall not be so available on the redemption date, such Bonds (or portions thereof) shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption, and in the case of optional redemption, the Bonds shall continue to be due on their original maturity dates as if the Bonds had not been called for redemption.

BOND PROCEEDS, FUNDS, ACCOUNTS, REVENUES AND APPLICATION AND DISBURSEMENT THEREOF

SECTION 5.4. DEPOSIT OF REVENUES AND ALLOCATION THEREOF. The Revenues received pursuant to the Loan Agreement and any other moneys required by any of the provisions of this Indenture to be paid or transferred to the Trustee shall be promptly paid or transferred to the Trustee.

Notwithstanding any other provisions of this Indenture, moneys received by the Trustee as an optional prepayment pursuant to Section 2.4 of the Loan Agreement shall be transferred to the Redemption Fund if the Bonds are then subject to redemption, or otherwise in the Debt Service Fund for payment of the next due principal of or interest on the Bonds.

Subject to the prior paragraph of this Section, moneys paid or transferred to the Trustee shall on or before the next Business Day after receipt thereof be applied as follows and in the following order of priority:

FIRST: To the Interest Account, the amount equal to one-sixth (1/6) of the interest becoming due on the Outstanding Bonds on the next Interest Payment Date of the Bonds (after taking into account available funds, if any, on deposit in the Capitalized Interest Account, if any, of the Construction Fund which are scheduled to be transferred to the Trustee pursuant to Section 5.3(e) hereof prior to such Interest Payment Date);

SECOND: To the Principal Account, the amount equal to one-twelfth (1/12) of the principal amount becoming due on the Bonds on the next succeeding principal payment date, after taking into account any amounts on deposit therein available for the payment thereof;

THIRD: To the Sinking Fund Account, the amount equal to one-twelfth (1/12) of the next succeeding Sinking Fund Installment applicable to the Bonds, after taking into account any amounts on deposit therein available for the payment thereof;

FOURTH: To the Rebate Fund to the extent required, amounts necessary in any year so as to meet the Rebate Requirement of the Rebate Fund, as directed in writing by the Authority to the Trustee; and

FIFTH: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditure of the Authority for insurance, fees and expenses of auditing, and fees and expenses of the Trustee, all as required by this Indenture and not otherwise paid or caused to be paid or provided for by the Institution; (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the loan to the Institution and the issuance of the Bonds, including penalties for late payments and all expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof; (iii) the Annual Administrative Fee; and (iv) any other amounts due and payable by the Institution to the Authority pursuant to the Loan Agreement - but only upon receipt by the Trustee from the Authority of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph FIFTH.

After making the payments required by paragraphs FIRST, SECOND, THIRD, FOURTH and FIFTH above, any balance remaining shall be paid, as the Authority may direct, to the Debt Service Fund and credited against the next due payment of debt service from the Institution (provided the amount in the Debt Service Fund may not exceed the amount of debt service due on the Bonds during the next twelve months) or to the Redemption Fund and applied by the Trustee to the purchase or redemption of Bonds.

In lieu of redeeming Bonds through Sinking Fund Installments as provided in clause THIRD of the second paragraph of this Section 5.4 and Section 2.6 hereof, the Authority may elect to do either of the following:

(A) The Authority may direct the Trustee in writing or by Electronic Means to apply moneys from time to time on deposit in the Sinking Fund Account to the purchase of an equal principal amount of Bonds (of the maturity and in amounts then subject to redemption through Sinking Fund Installments) at prices not higher than the principal amount to be redeemed plus accrued interest, provided that firm commitments to sell Bonds are received at least five (5) Business Days before the notice of redemption would otherwise be required to be given; provided further, that in the event of purchases at purchase prices less than the principal amount to be redeemed plus accrued interest, the difference between the amount in the Sinking Fund Account representing the principal amount of the Bonds purchased and the purchase price (exclusive of accrued interest) shall be deposited in the Debt Service Fund for application pursuant to the paragraphs SECOND or THIRD above as directed by the Authority; provided further, that prior to any such purchase, the Authority shall give written directions to the Trustee to purchase such Bonds; or

(B) The Authority (upon request therefor from the Institution or as the Authority shall so determine) may deliver to the Trustee for cancellation Bonds of the maturity then subject to redemption by Sinking Fund Installments at least five (5) Business Days before the notice of redemption would otherwise be required to be given, in which event to the extent of the principal amount of Bonds so surrendered (i) no deposit from the Authority into the Sinking Fund Account need be made and (ii) no such redemption from Sinking Fund Installments shall occur.

So long as beneficial ownership interests in the Bonds are held through the book-entry-system, any purchase or delivery of such Bonds as set forth in such clauses (A) and (B) above shall be deemed to have occurred upon the purchase or delivery of beneficial ownership interests in such Bonds made pursuant to the provisions hereof.

SECTION 5.5. APPLICATION OF MONEYS IN THE DEBT SERVICE FUND. The Trustee shall transfer moneys out of the Interest Account on each Interest Payment Date for the payment of interest then due on the Bonds. The Trustee shall pay out of such Interest Account any amounts required for the payment of accrued interest upon any redemption or purchase of the Bonds.

The Trustee shall transfer moneys out of the Principal Account or the Sinking Fund Account on each principal maturity date or Sinking Fund Installment date for the payment of the principal amount of the Bonds or Sinking Fund Installment then due. The Trustee shall pay out of the Sinking Fund Account any amounts directed by the Authority for the purchase of Bonds pursuant to Section 5.4 hereof.

SECTION 5.6. APPLICATION OF MONEYS IN THE REDEMPTION FUND. (a) Moneys in the Redemption Fund derived from optional prepayment of the loan pursuant to Section 2.4 of the Loan Agreement shall, at the written direction of the Authority, at the direction of the Institution, be applied to payment of the Redemption Price of Bonds, plus accrued interest, if any, thereon to the date set for redemption, in accordance with Section 2.5 hereof.

(b) Subject to the provisions of paragraph (a) hereof, moneys in the Redemption Fund may be applied to the purchase of Bonds at purchase prices not exceeding the Redemption Price applicable to the Bonds to be purchased plus accrued interest due, in such manner as the Authority may direct. Bonds so purchased shall be cancelled by the Trustee.

(c) Moneys in the Redemption Fund may be applied to the purchase of Bonds in lieu of redemption in accordance with Section 2.5 hereof.

(d) Any excess moneys on deposit in the Redemption Fund and not needed to pay the Redemption Price of Bonds called for redemption shall be paid to the Institution or deposited to the Principal Account of the Debt Service Fund, the Interest Account of the Debt Service Fund, or the Sinking Fund Account of the Debt Service Fund, or applied to the optional redemption of Bonds in accordance with Section 2.5 hereof, as the Authority shall direct in writing.

SECTION 5.9. APPLICATION OF MONEYS IN CERTAIN FUNDS FOR RETIREMENT OF BONDS. Notwithstanding any other provisions of this Indenture and any Supplemental Indenture, if at any time the amounts held in the Debt Service Fund and the Redemption Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accruing on such Bonds to the next date when all such Bonds are redeemable, the Trustee shall so notify the Authority and the Institution. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture and any Supplemental Indenture, and in such event all provisions of Section 12.1 hereof shall be operative.

PARTICULAR COVENANTS

SECTION 6.1. PAYMENT OF PRINCIPAL AND INTEREST. The Authority shall pay or cause to be paid the principal or Redemption Price of and interest on every Bond on the date and at the places and in the manner mentioned in such Bonds according to the true intent and meaning thereof solely from the sources provided herein, and to the extent moneys are available from Revenues.

SECTION 6.2. REVENUES. The Authority covenants that the Loan Agreement shall provide that the Institution shall pay amounts sufficient to provide Revenues sufficient at all times: (i) to pay the principal of and interest on the Bonds as the same respectively become due and payable by redemption or otherwise; and (ii) to pay the expenditures of the Authority and the Trustee incurred in relation to this Indenture.

SECTION 6.3. ACCOUNTS. The Authority shall keep proper books of records and accounts in which complete and correct entries shall be made of its transactions relating to the Institution's facilities and this Indenture, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the

Authority, shall be subject to the inspection of the Trustee, the Institution or of any owner of a Bond or of the owner's representative duly authorized in writing.

SECTION 6.4. INDEBTEDNESS AND LIENS. The Authority, so long as any Bonds shall be Outstanding, shall not issue any bonds, notes or other evidence of indebtedness, other than Bonds issued in accordance with the provisions of Article III hereof, secured on a parity with the Bonds by any pledge of or other lien or charge on the Revenues or other moneys, securities or funds paid or to be paid to or held or set aside or to be held or set aside by the Authority or the Trustee under this Indenture and any Supplemental Indenture. The Authority shall not create or cause to be created any lien or charge on the Revenues or such moneys or securities or funds, other than the lien and pledge on the Revenues or such moneys, securities or funds created or permitted by this Indenture and any Supplemental Indenture. Notwithstanding the foregoing and subject to compliance by the Institution with the provisions of the Master Indenture relating to the incurrence of Indebtedness, the Authority may issue other bonds, notes and other evidences of indebtedness on behalf of the Institution pursuant to one or more trust indentures, other than this Indenture, which are on a parity with or subordinate to the Bonds and any other indebtedness of the Authority issued on behalf of the Institution on a parity or subordinate basis therewith.

SECTION 6.5. THE LOAN AGREEMENT; AMENDMENT AND EXECUTION. The Loan Agreement and any supplements or modifications thereto shall be executed in at least three counterparts. An executed counterpart shall be filed in the office of the Authority and in the office of the Trustee, and an executed counterpart delivered to the Institution. The Loan Agreement may be amended or supplemented without Bondowner consent, provided such amendment or supplement does not cause the Authority to violate any of its covenants and agreements under this Indenture. The Authority agrees not to enter into any amendment or supplement to the Loan Agreement, which amendment or supplement would materially prejudice the rights and interests of the Owners of the Bonds, without the consent of the Owners, obtained as provided in Section 11.2 hereof, of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby; provided, however, that no such amendment or supplement which would change the amount or time as to which loan payments are required to be paid under the Loan Agreement shall be entered into without the consent of the Owners of all of the then Outstanding Bonds who would be affected by such amendment. Notwithstanding the foregoing, the Authority reserves the right to waive any provision of the Loan Agreement provided such waiver does not cause the Authority to violate any of its covenants or agreements under this Indenture, and subject to the provisions of Section 10.8 of the Loan Agreement. The Authority covenants not to enter into any amendment or modification of the Loan Agreement without filing an executed copy thereof with the Trustee. The Authority covenants for the benefit of the Bondowners not to void the Loan Agreement or any other Institution Document pursuant to the provisions of Connecticut Public Act No. 07-1.

SECTION 6.6. TAX COVENANTS. (a) The Authority covenants to comply with the Tax Regulatory Agreement.

(b) The Authority covenants that it shall not knowingly make nor direct the Trustee to make any investment or other use of the proceeds of the Bonds issued hereunder that would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code. The Trustee covenants that in those instances after the occurrence of an Event of Default where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with the foregoing covenants.

(c) The Authority covenants that it (i) will take, or use its best efforts to require to be taken, all actions that may be required of the Authority for the interest on the Bonds to be and remain not included in gross income for federal income tax purposes and (ii) will not take or authorize to be taken any actions within its control that would adversely affect such status under the provisions of the Code.

CONCERNING THE TRUSTEE

SECTION 7.2. OBLIGATION OF TRUSTEE. Except as set forth in Section 7.6 hereof, the Trustee shall be under no obligation to institute any suit, or to take any action or proceeding under this Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, including, without limitation, pursuant to the direction of, or on behalf of, any of the Bondowners, until it shall be paid or

reimbursed or indemnified to its satisfaction against any and all reasonable costs and expenses, outlays, liabilities, damages and counsel fees and expenses and other reasonable disbursements. The Trustee may nevertheless begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, and in such case the Authority shall reimburse the Trustee but only from the Revenues for all costs and expenses, outlays, liabilities, damages and counsel fees and expenses and other reasonable disbursements properly incurred in connection therewith. If the Authority shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture (other than money on deposit in the Rebate Fund or any money on deposit in any irrevocable trust or escrow fund established with respect to any defeased Bonds) upon notice to the Institution and the Authority of its intention to reimburse itself and the Trustee shall be entitled to a preference therefor over any of the Bonds Outstanding hereunder.

SECTION 7.8. RESIGNATION OF TRUSTEE. The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days' written notice to the Authority, the Institution and the Bondowners, specifying the date when such resignation shall take effect, provided such resignation shall not take effect until a successor shall have been appointed by the Authority or a court of competent jurisdiction as provided in Section 7.10 and shall have accepted such appointment.

SECTION 7.9. REMOVAL OF TRUSTEE. The Trustee, or any successor thereof, may be removed with or without cause at any time by the Authority, if no Event of Default under this Indenture shall have occurred and be continuing, or upon and during the continuation of an Event of Default under this Indenture by the owners of a majority in principal amount of Outstanding Bonds, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to the Authority, provided that such removal shall not take effect until a successor is appointed. Such removal shall take effect on the date a successor shall have been appointed by the Authority or a court of competent jurisdiction as provided in Section 7.10 and shall have accepted such appointment. Copies of each instrument providing for any such removal shall be delivered by the Authority to the Institution and the Trustee and any successor thereof.

SECTION 7.10. SUCCESSOR TRUSTEE. In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge of control of the Trustee, or of its property or affairs, the Authority shall forthwith appoint a Trustee to act. Notice of any such appointment shall be delivered by the Authority to the Trustee so appointed, the predecessor Trustee and the Institution. The Authority shall give or cause to be given written notice of any such appointment to the Bondowners.

If in a proper case no appointment of a successor shall be made within forty-five (45) days after the giving of written notice in accordance with Section 7.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondowner may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor.

Any successor appointed under the provisions of this Section shall be a bank or trust company or national banking association, in each case with corporate trust powers, which is able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by this Indenture, which is approved by the Authority (unless an event of default under Section 8.1 exists, in which case a successor shall be appointed by the owners of a majority in principal amount of Outstanding Bonds or by a court pursuant to the above paragraph) and which has a combined capital and surplus aggregating at least $50,000,000 (or such other financial resources acceptable to the Authority in its sole discretion), if there be such a bank or trust company or national banking association willing to serve as Trustee hereunder.

SECTION 7.17. COMPLIANCE WITH CGS SECTIONS 4a-60 AND 4a-60a. (a) CGS Section 4a-60. In accordance with Connecticut General Statutes Section 4a-60(a), as amended, and to the extent required by Connecticut law, the Trustee agrees and warrants as follows: (1) in the performance of this Indenture it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual

disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Trustee that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut and further to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Trustee that such disability prevents performance of the work involved; (2) in all solicitations or advertisements for employees placed by or on behalf of the Trustee, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission on Human Rights and Opportunities (the "CHRO"); (3) to provide each labor union or representative of workers with which the Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Trustee's commitments under Connecticut General Statutes Section 4a-60, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) to comply with each provision of Connecticut General Statutes Sections 4a-60, 46a-68e and 46a-68f and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Sections 46a-56, 46a-68e and 46a-68f; (5) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Trustee as relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (6) to include provisions (1) through (5) of this Section in every subcontract or purchase order entered into by the Trustee in order to fulfill any obligation of this Indenture, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or order of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60.

(b) CGS Section 4a-60a. In accordance with Connecticut General Statutes Section 4a-60a(a), as amended, and to the extent required by Connecticut law, the Trustee agrees and warrants as follows: (1) that in the performance of this Indenture, the Trustee will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) to provide each labor union or representative of workers with which the Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Trustee's commitments under Connecticut General Statutes Section 4a-60a, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) to comply with each provision of Connecticut General Statutes Section 4a-60a and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Section 46a-56; (4) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Trustee which relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (5) to include provisions (1) through (4) of this Section in every subcontract or purchase order entered into by the Trustee in order to fulfill any obligation of this Indenture, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60a.

(c) Required Submissions. The Trustee agrees and warrants that (1) it has delivered to the Authority an affidavit signed under penalty of false statement by a chief executive officer, president, chairperson, member, or other corporate officer duly authorized to adopt corporate or company policy in the form attached as Attachment C to this Indenture; (2) if there is a change in the information contained in the most recently filed affidavit, the Trustee will submit an updated affidavit not later than the earlier of the execution of a new contract with the State or a political subdivision of the State or thirty days after the effective date of such change; and (3) the Trustee will deliver an affidavit to the Authority annually, not later than fourteen days after the twelve-month anniversary of the most recently filed affidavit, stating that the affidavit on file with the Authority is current and accurate.

SECTION 7.18. COMPLIANCE WITH CGS SECTION 9-612(G)(2). For all State contracts as defined in P.A. 07-1 having a value in a calendar year of $50,000 or more or a combination or series of such

agreements or contracts having a value of $100,000 or more, the Trustee's authorized signatory to this Indenture expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See Exhibit B to this Indenture - Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations.

EVENTS OF DEFAULT

SECTION 8.1. EVENTS OF DEFAULT. Each of the following events is hereby declared an "Event of Default" hereunder (herein called an "Event of Default"):

(a) Payment of the principal or Redemption Price of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of an installment of interest on any Bonds shall not be made when the same shall become due and payable; or

(c) Any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues; or

(d) 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 this Indenture on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds; or

(e) An Event of Default shall have occurred under the Loan Agreement, under the Master Indenture, or under any other Institution Document (other than the Continuing Disclosure Agreement).

SECTION 8.2. ACCELERATION OF MATURITY. Upon the happening of any Event of Default specified in Section 8.1, the Trustee may, and shall, upon the written request of the owners of not less than a majority in principal amount of the Outstanding Bonds, declare an acceleration of the payment of principal on the Bonds. All such declarations shall be by a notice in writing to the Authority and the Institution, declaring the principal of all of the Outstanding Bonds to be due and payable immediately. Upon the giving of notice of such declaration of acceleration such principal shall become and be immediately due and payable, and if principal of the Bonds is so paid in full upon acceleration, all interest on the Bonds shall cease to accrue, anything in the Bonds or in this Indenture to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee may, with the written consent of the owners of not less than a majority in principal amount of the Bonds not then scheduled to be due by their terms and then Outstanding and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of principal and interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date and the principal of such Bonds then due only because of a declaration under this Section); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than a default in the

payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee or waived pursuant to Section 8.10. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 8.3. ENFORCEMENT OF REMEDIES. Upon the happening and continuance of any Event of Default specified in Section 8.1, then and in every such case, the Trustee may proceed, and upon the written request of the Owners of not less than a majority in principal amount of the Outstanding Bonds shall proceed (subject to the provisions of Sections 7.2 and 8.6), to protect and enforce its rights and the rights of the owners of the Bonds under the laws of the State of Connecticut or under this Indenture, the Bonds, the Loan Agreement, the Note or the Master Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained hereunder or in aid or execution of any power herein granted, or for the enforcement of the Loan Agreement or the Note, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Indenture, the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of this Indenture or of the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Owners of such Bonds, and to recover and enforce any judgment or decree against the Authority but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, cost and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 8.4. PRIORITY OF PAYMENTS AFTER DEFAULT. If at any time the moneys held by the Trustee under this Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of Section 8.2), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in this Article or otherwise, shall be applied (after payment of all amounts owing to the Trustee from moneys under this Indenture other than from moneys in the Rebate Fund or any irrevocable trust or escrow fund established with respect to any defeased Bonds) as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest on any of the Bonds then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption or contracted to be purchased for the payment of which moneys are held pursuant to the provisions of this Indenture) with interest upon such Bonds from the respective dates upon which they shall have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular due date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: To the payment of the interest on and the principal of the Bonds as the same become due and payable.

(b) If the principal of all the Bonds shall have become due and payable, either by their terms or by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondowner or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the owner of any unpaid interest or any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

SECTION 8.5. EFFECT OF DISCONTINUANCE OF PROCEEDINGS. In case any proceedings taken by the Trustee on account of any default in respect of Bonds shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 8.6. CONTROL OF PROCEEDINGS. Anything in this Indenture to the contrary notwithstanding, the owners of a majority in principal amount of the Outstanding Bonds, shall have the right, subject to the provisions of Section 7.2, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Indenture, provided such direction shall not be otherwise than in accordance with law and the provisions of this Indenture.

SECTION 8.7. RESTRICTIONS UPON ACTION BY INDIVIDUAL BONDOWNERS. No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such Owner previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the owners of not less than a majority in principal amount of all Outstanding Bonds shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by this Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee security and indemnity as required by Section 7.2 hereof against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no one or more Owners of the Bonds secured by this Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture 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 benefit of all Owners of the Outstanding Bonds.

SECTION 8.8. ACTIONS BY TRUSTEE. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee may be enforced by it without the possession of any of

such Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Owners of the Bonds, subject to the provisions of this Indenture.

SECTION 8.9. REMEDIES NOT EXCLUSIVE. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 8.10. WAIVER AND NON-WAIVER. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by this Article to the Trustee and the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Owners of not less than a majority of the principal amount of the Outstanding Bonds shall, waive any default with respect to the Bonds which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture; but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

SECTION 8.11. NOTICE OF DEFAULT. The Trustee shall mail or cause to be mailed to all Bondowners written notice of the occurrence of any Event of Default set forth in Section 8.1 promptly after any such Event of Default shall have occurred of which the Trustee has actual knowledge. If in any Bond Year the total amount of deposits to the credit of the Debt Service Fund shall be less than the amounts required so to have been deposited under the provisions of this Indenture and any Supplemental Indenture, the Trustee, on or before the thirtieth (30th) day of the next succeeding Bond Year, shall mail to all Bondowners a written notice of the failure to make such deposits. The Trustee shall not, however, be subject to any liability to any such Bondowner by reason of its failure to mail or cause to be mailed any notice required by this Section.

CONSENTS TO SUPPLEMENTAL INDENTURES

SECTION 10.1. SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF BONDOWNERS. Notwithstanding any other provisions of this Article X, the Authority and the Trustee may at any time or from time to time enter into a Supplemental Indenture supplementing this Indenture or any Supplemental Indenture so as to modify or amend such indentures, for one or more of the following purposes:

(a) To add to the covenants and agreements of the Authority contained in this Indenture or any Supplemental Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, reconstruction, renovation, equipment, operation, maintenance, development or administration of any project under the Act or relative to the application, custody, use and disposition of the proceeds of the Bonds; or

(b) To confirm, as further assurance, any pledge under and the subjection to any lien on or pledge of the Revenues created or to be created by this Indenture or a Supplemental Indenture; or

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or

(d) To grant to or confer on the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority, or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(e) To amend any provisions of this Indenture if, prior to the execution of any such amendment there shall be delivered to the Trustee an Opinion of Bond Counsel to the effect that such amendment will not have a material adverse effect on the security, remedies or rights of the Bondowners.

SECTION 10.2. SUPPLEMENTAL INDENTURES WITH CONSENT OF BONDOWNERS. (a) At any time or from time to time but subject to the conditions or restrictions contained in this Indenture and each Supplemental Indenture, a Supplemental Indenture may be entered into by the Authority and the Trustee amending or supplementing this Indenture, any Supplemental Indenture or any of the Bonds or releasing the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained. However, no such Supplemental Indenture shall be effective unless such Supplemental Indenture is approved or consented to by the Owners, obtained as provided in Section 11.2, of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby. In computing any such required percentage there shall be excluded from such consent, and from such Outstanding Bonds, any such Outstanding Bonds owned or held by or for the account of the Authority or the Institution.

(b) Notwithstanding the provisions of paragraph (a) of this Section, except as provided in Section 10.3, no such modification changing any terms of redemption of Bonds, due date of principal of or interest on Bonds or making any reduction in principal or Redemption Price of and interest on any Bonds shall be made without the consent of the affected Bondowner.

(c) Notwithstanding any other provisions of this Section, no Supplemental Indenture shall be entered into by the Authority and the Trustee, except as provided in Section 10.3, reducing the percentage of consent of Bondowners required for any modification of this Indenture or any Supplemental Indenture or diminishing the pledge of the Revenues securing the Bonds.

(d) The provisions of paragraph (a) of this Section shall not be applicable to Supplemental Indentures adopted in accordance with the provisions of Section 10.1.

SECTION 10.3. SUPPLEMENTAL INDENTURES BY UNANIMOUS ACTION. Notwithstanding anything contained in the foregoing provisions of this Article, the rights and obligations of the Authority and of the owners of the Bonds and the terms and provisions of this Indenture, any Supplemental Indenture or the Bonds may be modified or amended in any respect upon the adoption of a Supplemental Indenture by the Authority with the consent of the Owners of all the Outstanding Bonds affected by such modification or amendment, such consent to be given as provided in Section 11.2, except that no notice to Bondowners by mailing shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written consent thereto in addition to the consent of the Bondowners so affected.

PROCEDURES FOR BONDOWNER CONSENTS

SECTION 11.2. CONSENT OF BONDOWNERS. When the Authority and the Trustee enter into a Supplemental Indenture making a modification or amendment permitted by and requiring the consent of the Bondowners pursuant to the provisions of Sections 10.2 or 10.3, such Supplemental Indenture shall take effect when and as provided in this Section. Upon the execution of such Supplemental Indenture, a copy thereof, certified by an Authorized Officer of the Authority, shall be filed with the Trustee for the inspection of the Bondowners affected. A copy of such Supplemental Indenture (or summary thereof) together with a request to such Bondowners for their consent thereto in form satisfactory to the Trustee, shall be mailed or caused to be mailed by the Authority to such Bondowners. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee the written consents of the percentages of owners of Outstanding Bonds in accordance with Sections 10.2 or 10.3. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted hereinafter by this Section or Section 13.4. A certificate or certificates by the Trustee, which shall be placed on file, that it examined such proof and that such proof is sufficient, shall be conclusive that the consents have been given by the owners of the Bonds described in such certificate or certificates of the Trustee. Any consent shall be binding upon the owner of the Bonds giving such consent and on any subsequent owner of such Bonds (whether or not such owner has notice thereof) unless such

consent is revoked in writing by the owner of such Bonds giving such consent or a subsequent owner by filing revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for is first given. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee which shall be placed on file. At any time after the owners of the required percentage of Bonds shall have filed their consent to any Supplemental Indenture a notice shall be given or caused to be given to such Bondowners by the Authority by mailing such notice to such Bondowners (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as herein provided). The Authority shall file with the Trustee proof of giving such notice. Such notice shall state in substance that any Supplemental Indenture (which may be referred to as an indenture executed by and between the Authority and the Trustee on a stated date, a copy of which is on file with the Trustee) has been consented to by the owners of the required percentage of Bonds and shall be effective as provided in this Section. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Upon such notice, such Supplemental Indenture making such amendment or modification shall become effective and conclusively binding upon the Authority, the Trustee, and the owners of all Bonds.

DEFEASANCE

SECTION 12.1. DEFEASANCE. (a) If the Authority shall pay or cause to be paid, or there shall be otherwise paid, to the owners of all or any of the Bonds then Outstanding, the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in this Indenture and any Supplemental Indenture, and all fees and expenses of the Trustee and the Authority, then the pledge of any Revenues or other moneys and securities hereby pledged to such Bonds and all other rights granted hereby to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee or other fiduciary shall pay or deliver to the Authority all moneys or securities held by it pursuant to this Indenture and any Supplemental Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to be used by the Authority in any lawful manner including distribution to the Institution.

(b) Any Bonds for which moneys shall then be held by a trustee, which may be the Trustee (through deposit by the Authority or the Institution of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in this Section. Any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subparagraph (a) of this Section if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to the Trustee, irrevocable instructions to give notice of redemption on such date of such Bonds; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (iii) there shall have been filed with the Trustee and the Authority (x) a report of a firm of certified public accountants, acceptable to the Authority, confirming the arithmetical accuracy of the computations showing the cash or Defeasance Obligations, the principal of and interest on which, together with cash, if any, deposited at the same time will be sufficient to pay when due, the principal or Redemption Price, if applicable, and interest due or to become due on such Bonds, on and prior to the redemption date or maturity date thereof, as the case may be and (y) an Opinion of Bond Counsel, acceptable to the Authority, to the effect that upon provision for the payment of the principal or Redemption Price, if applicable, of, and interest due or to become due on such Bonds, the pledge of Revenues and other moneys and securities hereunder and the grant of all rights to the Owners of such Bonds hereunder shall be discharged and satisfied; and (iv) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail, as soon as practicable, a notice to the owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 12.1 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds. Neither Defeasance Obligations deposited with the Trustee pursuant to this Section nor principal or interest payments on any such

securities shall be withdrawn or used for any purpose other than the payment of the principal or Redemption Price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Authority to be used by it in any lawful manner including a distribution to the Institution provided all amounts owing to the Authority and the Trustee have been satisfied, free and clear of any trust, lien or pledge. Nothing in this paragraph (b) shall be, or be deemed to be, a restriction on the Authority's ability to provide for Defeasance Obligation substitutions or restructuring provided that the Defeasance Obligations shall at all times be in compliance with clause (ii) above, as evidenced by a report of a firm of certified public accountants in compliance with clause (iii)(x) above; and if the interest on Bonds which have been defeased pursuant to this paragraph (b) is excludable from gross income for federal income tax purposes, the Authority shall provide an Opinion of Bond Counsel that the substitution or restructuring will not adversely affect such exclusion. Notwithstanding any provision of this Indenture, the Trustee shall have no right of set off against any moneys and securities deposited under this paragraph (b).

(c) Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when all of the Bonds have become due and payable either at their stated maturity dates or by a call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after such date when all of the Bonds become due and payable, shall, at the written request of the Authority be repaid by the Trustee to the Authority as its absolute property and free from trust (to the extent permitted by law) to be used by the Authority in any lawful manner including a distribution to the Institution, and the Authority and the Trustee shall thereupon be released and discharged of its obligations with respect to the Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee shall mail to the Bondowners a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than forty (40) nor more than ninety (90) days after the date of mailing of such notice, the balance of such moneys then unclaimed shall be returned to the Authority to be used by the Authority in any lawful manner including a distribution to the Institution.

MISCELLANEOUS

SECTION 13.1. MISCELLANEOUS POWERS AS TO BONDS AND PLEDGE; STATE AGREEMENT. (a) The Authority represents that it is duly authorized under the Act and all applicable laws to create and issue the Bonds, to execute this Indenture and any Supplemental Indenture, and to pledge the Revenues and other moneys, securities and funds pledged by this Indenture in the manner and to the extent provided herein and in any Supplemental Indenture. The Authority covenants that the Revenues and other moneys, securities and funds so pledged are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge created by this Indenture and any Supplemental Indenture, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Authority further covenants that the Bonds and the provisions of this Indenture and any Supplemental Indenture are and shall be the valid and binding special obligations of the Authority in accordance with their terms and the terms of this Indenture and any Supplemental Indenture. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under this Indenture and any Supplemental Indenture, and all of the rights of the Bondowners under this Indenture against all claims and demands of all persons whomsoever.

(b) The Bondowners shall have the benefit of the State's pledge and agreement contained in Sections 10a-187a and 10a-195 of the Act as in effect on the date hereof: "The state of Connecticut does hereby pledge to and agree with the holders of any obligations issued under this chapter, and with those parties who may enter into contracts with the authority pursuant to the provisions of this chapter, that the state will not limit or alter the rights hereby vested in the authority until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the authority, provided nothing herein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such obligations of the authority or those entering into such contracts with the authority."

SECTION 13.4. EVIDENCE OF SIGNATURES OF BONDOWNERS AND OWNERSHIP OF BONDS. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondowners may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondowners in person or by their attorneys or DTC proxies duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, or the holding by any person of such Bonds, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(a) The fact and date of the execution by any Bondowner or such Bondowner's attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondowner may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(b) The amount of Bonds held by any person executing such request or other instrument as a Bondowner, and the numbers and other identification thereof, and the date of his or her holding such Bonds, may be proved by a certificate (which need not be acknowledged or verified) satisfactory to the Trustee, executed by an officer or partner of a bank, trust company, or other financial firm or corporation satisfactory to the Trustee, showing that at the date therein mentioned such person exhibited to such officer or partner or had on deposit with such depository the Bonds described in such certificate. Continued ownership after the date stated in such certificate shall be presumed unless and until a certificate complying with the provisions of this paragraph (b), bearing a subsequent date and relating to the same Bonds, shall be delivered to the Trustee.

The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done or omitted to be done by the Authority or the Trustee in accordance therewith.

SECTION 13.9. NO RECOURSE ON THE BONDS. No recourse shall be had for the payment of the principal or Redemption Price of and interest on the Bonds or for any claims based thereon or on this Indenture against any member or other officer of the Authority or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Bondowner by the acceptance of the Bond. The Bonds are payable solely from the Revenues and neither the faith and credit nor the taxing power of the State of Connecticut or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

The Authority shall be conclusively deemed to have complied with all of its covenants and other obligations hereunder, upon requiring the Institution in the Loan Agreement to agree to perform such Authority covenants and other obligations (excepting only any approvals or consents permitted or required to be given the Authority hereunder, and any exceptions to the performance by the Institution of the Authority's covenants and other obligations hereunder, as may be contained in the Loan Agreement). However, nothing contained in the Loan Agreement shall prevent the Authority from time to time, in its discretion, from performing any such covenants or other obligations. The Authority shall have no liability for any failure to fulfill, or breach by the Institution of, the Institution's obligations relating to or under, as the case may be, the Bonds, this Indenture, the Loan Agreement or otherwise, including without limitation the Institution's obligation to fulfill the Authority's covenants and other obligations under this Indenture.

SECTION 13.14. HOLIDAYS. If the date for making any payment or the last date for performance of any act or the exercising of any right as provided herein, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided herein, and no interest shall accrue for the period after such nominal date.

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APPENDIX D-2

EXCERPTS FROM THE VARIABLE RATE INDENTURES

The following are excerpts of certain provisions of the Series B Indenture, the Series C Indenture and the Series D Indenture (collectively, the "Variable Rate Indentures"). Except for minor, immaterial differences, the Variable Rate Indentures are substantially identical. The following should not be regarded as full statements of the Variable Rate Indentures. Reference is made to the Variable Rate Indentures in their entirety for a complete statement of the provisions thereof, copies of which are on file with the Trustee.

PROVISIONS OF GENERAL APPLICATION

Section 1.2. INDENTURE, ANY SUPPLEMENTAL INDENTURE AND BONDS CONSTITUTE A CONTRACT. In consideration of the purchase and acceptance of any and all of the Bonds secured and issued under this Indenture: (i) this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of such Bonds; (ii) the pledge made herein and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Owners from time to time of any and all of such Bonds, and to the extent the Credit Facility Provider makes payment with respect to the Bonds pursuant to the Credit Facility, the Credit Facility Provider, and to the extent the Liquidity Facility Provider makes payment with respect to the Bonds pursuant to the Liquidity Facility, the Liquidity Facility Provider, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof or over the Credit Facility Provider or the Liquidity Facility Provider except as expressly provided in or permitted hereby or by the applicable Supplemental Indenture, if any; (iii) the Authority does hereby pledge and assign to the Trustee, for the benefit of the Owners of the Bonds, and to the extent the Credit Facility Provider makes payment with respect to the Bonds pursuant to the Credit Facility, the Credit Facility Provider, and to the extent the Liquidity Facility Provider makes payment with respect to the Bonds pursuant to the Liquidity Facility, the Liquidity Facility Provider, the trust estate, the Revenues and all moneys and securities from time to time held by the Trustee and the Authority in any of the funds and accounts established under the terms of this Indenture (other than the Rebate Fund), and all income and receipts earned thereon, subject to the terms and provisions of this Indenture; (iv) the pledge made hereby shall be valid and binding from the time when the pledge is made and the Revenues and all income and receipts earned on funds held by the Trustee and the Authority hereunder (other than the Rebate Fund) and any further pledge of property under the applicable Supplemental Indenture, if any, shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof; and (v) the Bonds shall be special obligations of the Authority payable solely from and secured by a pledge of Revenues and certain moneys and funds as provided hereby and by the applicable Supplemental Indenture, if any.

AUTHORIZATION AND DETAILS OF BONDS

Section 2.8. INTEREST ON BONDS-GENERAL. 1. While the Bonds bear interest at a Commercial Paper Rate, a LIBOR-Based Rate, a SIFMA-Based Rate, a Bank Purchase Rate, a Daily Rate, a Weekly Rate, a Monthly Rate, a VRO Rate, a Quarterly Rate or a Semiannual Rate, interest accrued on such Bonds shall be computed on the basis of a 365 or 366-day year, as applicable, for the number of days actually elapsed. While the Bonds bear interest at a Term Rate or a Fixed Rate, interest accrued on such Bonds shall be computed on the basis of a 360-day year, consisting of twelve (12) thirty (30) day months. The Adjustable Rate Bonds shall bear interest from their date of issuance thereof payable on each Interest Payment Date. The Adjustable Rate Bonds issued upon transfers or exchanges of Bonds shall bear interest from the Interest Payment Date next preceding their date of authentication, unless the date of authentication is an Interest Payment Date in which case such Adjustable Rate Bonds shall bear interest from such date, or unless the date of authentication is after the Record Date next preceding the next succeeding Interest Payment Date, in which case such Adjustable Rate Bonds shall bear interest from such next succeeding Interest Payment Date.

2. **[With regard to the Series B Bonds]** The Bonds shall initially bear interest at a LIBOR-Based Rate. The initial Applicable Percentage of the One-Month LIBOR Rate for the Bonds issued as

LIBOR-Based Bonds shall be 67%, the initial Applicable Spread for the Bonds issued as LIBOR-Based Bonds shall be 55 basis points, and the One-Month LIBOR Rate shall be applicable. The term of the initial LIBOR-Based Rate Period shall commence on the date of issuance of the Bonds and shall end on July 1, 2019, the initial Remarketing Agent shall be Barclays Capital Inc., the initial Calculation Agent shall be the Trustee, the Interest Payment Dates during the initial LIBOR-Based Rate Period shall be the first Business Day of each month, commencing July 1, 2014, the initial Earliest Redemption Date during the initial LIBOR-Based Rate Period shall be January 1, 2019, and the initial Redemption Price on and after such date during the initial LIBOR-Based Rate Period shall be 100%. The initial Scheduled Mandatory Tender Date shall be July 1, 2019. From and after any Conversion to another Mode pursuant to Sections 2.10 or 2.11, the Bonds shall bear interest determined in accordance with the provisions of this Indenture pertaining to the new Mode. The Adjustable Rate Bonds shall bear interest for each Calculation Period at the rate of interest per annum for such Calculation Period established in accordance with this Indenture. From and after the Fixed Rate Conversion Date, the Bonds shall bear interest at the Fixed Rate until their Stated Maturity or earlier redemption. Interest shall be payable on each Interest Payment Date by wire or by check or draft mailed to the registered owner at his or her address as it appears on the registration books kept by the Trustee pursuant to the Indenture at the close of business on the applicable Record Date; provided, that (i) while DTC is the registered owner of the Bonds, all payments of principal of, premium, if any, and interest on the Bonds shall be paid to DTC or its nominee by wire transfer, (ii) prior to and including the Fixed Rate Conversion Date, interest on the Bonds shall be payable to any registered owner of at least one million dollars ($1,000,000) in aggregate principal amount of Bonds by wire transfer, upon written notice received by the Trustee at least five days prior to the applicable Record Date, from such registered owner containing the wire transfer address (which shall be in the continental United States) to which such registered owner wishes to have such wire directed and (iii) during a Commercial Paper Rate Period, interest shall be payable on the Bonds only upon presentation and surrender thereof to the Trustee upon purchase thereof pursuant to Section 2.15 and if such presentation and surrender is made by 2:00 p.m. (New York City time) such payment shall be by wire transfer. If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such interest shall cease to be payable to the person in whose name each Bond was registered on such applicable Record Date and shall be payable, when and if paid to the person in whose name each Bond is registered at the close of business on the record date fixed therefor by the Trustee, which shall be the fifth Business Day next preceding the date of the proposed payment. Except as provided above, payment of the principal of and premium, if any, on all Bonds shall be made upon the presentation and surrender of such Bonds at the designated office of the Trustee as the same shall become due and payable. The principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America**.**

[With regard to the Series C and Series D Bonds] The Bonds shall initially bear interest at a Weekly Rate. From and after any Conversion to another Mode pursuant to Sections 2.10 or 2.11, the Bonds shall bear interest determined in accordance with the provisions of this Indenture pertaining to the new Mode. The Adjustable Rate Bonds shall bear interest for each Calculation Period at the rate of interest per annum for such Calculation Period established in accordance with this Indenture. From and after the Fixed Rate Conversion Date, the Bonds shall bear interest at the Fixed Rate until their Stated Maturity or earlier redemption. Interest shall be payable on each Interest Payment Date by wire or by check or draft mailed to the registered owner at his or her address as it appears on the registration books kept by the Trustee pursuant to the Indenture at the close of business on the applicable Record Date; provided, that (i) while DTC is the registered owner of the Bonds, all payments of principal of, premium, if any, and interest on the Bonds shall be paid to DTC or its nominee by wire transfer, (ii) prior to and including the Fixed Rate Conversion Date, interest on the Bonds shall be payable to any registered owner of at least one million dollars ($1,000,000) in aggregate principal amount of Bonds by wire transfer, upon written notice received by the Trustee at least five days prior to the applicable Record Date, from such registered owner containing the wire transfer address (which shall be in the continental United States) to which such registered owner wishes to have such wire directed and (iii) during a Commercial Paper Rate Period, interest shall be payable on the Bonds only upon presentation and surrender thereof to the Trustee upon purchase thereof pursuant to Section 2.15 and if such presentation and surrender is made by 2:00 p.m. (New York City time) such payment shall be by wire transfer. If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such interest shall cease to be payable to the person in whose name each Bond was registered on such applicable Record Date and shall be payable, when and if paid to the person in whose name each Bond is registered at the close of business on the record date fixed therefor by the Trustee, which shall be the fifth Business Day next preceding the date of the proposed payment. Except as provided above, payment of the principal of and premium, if any, on all Bonds shall be made upon the presentation and surrender of such Bonds at the designated office of the

Trustee as the same shall become due and payable. The principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America.

3. By 11:00 a.m. (New York City time) on each Determination Date for Bonds to bear a Commercial Paper Rate, by 10:00 a.m. (New York City time) on each Determination Date for Bonds to bear a Daily Rate, by 6:00 p.m. (New York City time) on each Determination Date for Bonds to bear a VRO Rate, by 4:00 p.m. (New York City time) on each Determination Date for Bonds to bear a LIBOR-Based Rate, a SIFMA-Based Rate, a Bank Purchase Rate, a Weekly Rate, a Monthly Rate, a Quarterly Rate, a Semiannual Rate, or a Term Rate, as the case may be, the Remarketing Agent, the Calculation Agent, or the Index Agent, as the case may be, shall determine in accordance with the terms hereof and make available to the Authority, the Trustee, the Institution, any Credit Facility Provider or any registered owner of a Bond the interest rate or rates determined on such Determination Date.

4. During any period in which the Remarketing Agent fails for any reason to determine the interest rate, other than a LIBOR-Based Rate Period, a SIFMA-Based Rate Period, or a Commercial Paper Rate Period: (i) with respect to Bonds operating in a Daily Rate Period, the last interest rate so determined shall remain in effect for up to five successive Daily Rate Periods and, with respect to subsequent Daily Rate Periods for which the Daily Rate is not so determined, the Daily Rate shall be a rate per annum equal to 100% of the Municipal Swap Index rate most recently published by the Securities Industry and Financial Markets Association on or before the applicable Determination Date; (ii) with respect to Bonds operating in a VRO Rate Period, the last rate so determined shall remain in effect as provided in Section 2.20 hereof; (iii) with respect to Bonds operating in a Weekly Rate Period, the last interest rate so determined shall remain in effect for up to two successive Weekly Rate Periods and, with respect to subsequent Weekly Rate Periods for which the Weekly Rate is not so determined, the Weekly Rate shall be a rate per annum equal to 100% of the Municipal Swap Index rate most recently published by the Securities Industry and Financial Markets Association on or before the applicable Determination Date; (iv) with respect to Bonds operating in a Monthly Rate Period, the interest rate, with respect to periods for which the applicable interest rate is not so determined, shall be a rate per annum equal to 100% of the one-month rate included in the MIG1 Scale most recently published by Municipal Market Data on or before the applicable Determination Date; (v) with respect to Bonds operating in a Quarterly Rate Period, the interest rate, with respect to periods for which the applicable interest rate is not determined, shall be a rate per annum equal to 100% of the three-month rate included in the MIG1 Scale most recently published by Municipal Market Data on or before the applicable Determination Date; (vi) with respect to Bonds operating in a Semiannual Rate Period, the interest rate, with respect to periods for which the applicable interest rate is not determined, shall be a rate per annum equal to 100% of the six-month rate included in the MIG1 Scale most recently published by Municipal Market Data on or before the applicable Determination Date; and (vii) with respect to Bonds operating in a Term Rate Period, the interest rate, with respect to periods for which the applicable interest rate is not determined, shall be a rate per annum equal to 100% of the rate included in the AAA Scale most recently published by Municipal Market Data, for the closest corresponding period not greater than the then unexpired duration of such Term Rate Period, on or before the applicable Determination Date; provided, that, with respect to any Determination Date, if the applicable rate is not published by the entity referred to in (i), (ii), (iii), (iv), (v), (vi) or (vii), the Authority, after consultation with the Institution, shall select such other publicly available rate as it shall deem most nearly equivalent thereto. During any period in which the Remarketing Agent fails for any reason to determine a Commercial Paper Rate or Commercial Paper Rate Period, each succeeding Commercial Paper Rate Period during such failure shall be a Commercial Paper Rate Period which shall consist, initially, of the period from and including the prior Interest Payment Date to but excluding the first Business Day of the following calendar month and, subsequently, of the period from and including the first Business Day of each successive calendar month to but excluding the first Business Day of the following calendar month and the Commercial Paper Rate shall be equal to 100% of the Commercial Paper Index most recently determined by the Remarketing Agent on or prior to the applicable Determination Date. During any LIBOR-Based Accrual Period in which the Calculation Agent fails for any reason to determine the One-Month LIBOR Rate or the Three-Month LIBOR Rate, as applicable, the last interest rate so determined shall remain in effect until a One-Month LIBOR Rate or a Three-Month LIBOR Rate, as applicable, is established in accordance with Section 2.18 hereof. During any SIFMA-Based Rate Period in which the Calculation Agent fails for any reason to determine a SIFMA-Based Rate, the last interest rate so determined shall remain in effect until a SIFMA-Based Rate is established in accordance with Section 2.19 hereof.

5. The determination of any rate of interest by the Remarketing Agent in accordance with this Indenture, or the establishment of Calculation Periods or Interest Periods by the Remarketing Agent as provided

in this Indenture shall be conclusive and binding upon the Authority, the Institution, the Trustee, any Credit Facility Provider, any Liquidity Facility Provider, the Remarketing Agent, and the registered or beneficial owners of the Bonds. Failure of the Remarketing Agent, the Trustee, any Credit Facility Provider, any Liquidity Facility Provider, or DTC or any DTC participant to give any of the notices described in this Indenture, or any defect therein, shall not affect the interest rate to be borne by any of the Bonds nor the applicable Calculation Period nor in any way change the rights of the registered owners of the Bonds to tender their Bonds for purchase or to have them redeemed in accordance with this Indenture.

6. No transfer or exchange of Bonds shall be required to be made by the Trustee after a Record Date until the next succeeding Interest Payment Date.

7. Except as otherwise provided in this subsection 7, the Trustee shall calculate the amount of interest due and payable on each Interest Payment Date or date on which a Bond is subject to purchase by 11:00 a.m. (New York City time) on the Business Day next preceding such Interest Payment Date or date set for purchase, as the case may be. In preparing such calculation the Trustee may rely on calculations or other services provided by the Calculation Agent, the Remarketing Agent, the Institution or any person or persons selected by the Trustee in its discretion. During a Commercial Paper Rate Period, the Remarketing Agent shall notify the Trustee and the Institution of the amount of interest due and payable on each Interest Payment Date by 10:00 a.m. (New York City time) on the Business Day next preceding such Interest Payment Date.

8. Anything herein to the contrary notwithstanding, in no event shall the interest rate borne by any Bond (except Credit Facility Provider Bonds and Liquidity Facility Provider Bonds) exceed the Maximum Rate.

9. The Remarketing Agent shall make the applicable interest rates available (i) on the Business Day following the Determination Date by Electronic Means or telephone to any Bondowner or Notice Party requesting such rate; and (ii) by Electronic Means to the Trustee on the Determination Date. The Remarketing Agent shall also make any Interest Periods and any Purchase Dates available by Electronic Means to any Holder or any Notice Party. Any Owner of the Bonds may telephone the Remarketing Agent and receive notice of the interest rates or other information applicable to the Bonds in the current Interest Period.

Section 2.10. OPTIONAL CONVERSION OF BONDS TO ADJUSTABLE RATE; CONTINUATION OF TERM RATE PERIOD AT END OF A CALCULATION PERIOD. (a) Prior to the Fixed Rate Conversion Date, at the times specified below, the Bonds, in whole or in part, shall cease to bear interest at the Adjustable Rate then borne by the Bonds, and shall bear interest at such different Adjustable Rate (or at a new Term Rate for a new Calculation Period following the end of a Calculation Period or at another LIBOR-Based Rate for a new LIBOR-Based Rate Period on or after the Earliest Redemption Date or following the end of a LIBOR-Based Rate Period) as shall be specified by the Institution, in a written Conversion notice delivered at least 40 days prior to the proposed Conversion Date of the Conversion to the Trustee, the Remarketing Agent, any Rating Agency then rating the Bonds, any Credit Facility Provider, any Liquidity Facility Provider, and the Authority. The establishment of a new Term Rate for a new Calculation Period following the end of a Calculation Period, or the establishment of the terms of another LIBOR-Based Rate for a new LIBOR-Based Rate Period on or after the Earliest Redemption Date or following the end of a LIBOR-Based Rate Period, shall be deemed to be a Conversion for purposes of this Section and shall be subject to all of the requirements and conditions to a Conversion set forth in this Section. A Conversion may be effected on any Business Day; provided that Bonds bearing interest at a Term Rate may only be converted to bear interest at another Adjustable Rate on the Business Day immediately following the last day of a Calculation Period or on any date on which such Term Rate Bonds may be called for optional redemption pursuant to Section 2.13(i) hereof, and provided further that a Conversion during a Commercial Paper Rate Period may only be effected on any Business Day upon purchase of the Bonds pursuant to the provisions of subsection 1 of Section 2.14 at a price equal to the principal amount thereof, and provided further that Bonds bearing interest at a LIBOR-Based Rate may only be converted to bear interest at another Adjustable Rate (including another LIBOR-Based Rate) on the Scheduled Mandatory Tender Date or on any date which such LIBOR-Based Bond may be called for optional redemption pursuant to Section 2.13(b) hereof. A notice of Conversion shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to be able to give on the proposed Conversion Date of such Conversion to the effect that such Conversion is authorized by this Indenture, is permitted under the

Act and will not have an adverse effect on the exclusion of interest on such Bonds from gross income for federal income tax purposes.

In the case of any Conversion to a Term Rate, the notice required by this section shall specify the length of the Calculation Period and, unless otherwise specified, such Calculation Period shall thereafter apply to the Bonds until the earliest to occur of (i) the Fixed Rate Conversion Date pursuant to Section 2.11, or (ii) a Conversion effected pursuant to this Section 2.10. Any change in the Calculation Period during a Term Rate Period shall be deemed an optional Conversion pursuant to this Section 2.10 and may not be made unless all the requirements of a Conversion pursuant to this Section 2.10 are met.

(b) The Trustee shall mail the notice of the Conversion and mandatory tender received pursuant to subsection (a) of this Section 2.10 at least 30 days prior to the proposed Conversion Date to the Holders; provided, however, that the Trustee has received the form of Opinion of Bond Counsel pursuant to subsection (a) above.

(c) A Conversion to an Adjustable Rate shall be effective pursuant to this Section 2.10 only if the Trustee and the Remarketing Agent shall receive (i) by 9:30 a.m. (New York City time) on the Conversion Date of such Conversion, an Opinion of Bond Counsel to the effect that such Conversion is authorized by this Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Bonds from gross income for federal income tax purposes; and (ii) by 4:00 p.m. (New York City time) on the Conversion Date of such Conversion, a certificate, from an Authorized Officer of the Institution to the effect that all of the Bonds Tendered or Deemed Tendered for Purchase have been purchased at a Purchase Price equal to the principal amount thereof plus accrued and unpaid interest, if any, with funds provided from the remarketing of such Bonds, or from funds deposited with the Trustee, and any premium (including, if applicable, the Spread Premium), if any, has been paid from monies deposited with the Trustee.

(d) If any of the conditions referred to above are not met with respect to any Conversion, the Bonds shall continue to bear interest at the Current Adjustable Rate, and the Bonds shall be subject to the provisions of this Indenture applicable thereto while the Bonds bear interest at such Current Adjustable Rate. If any of the foregoing conditions for a Conversion are not met, the Trustee shall, as soon as practicable, but in no event later than the next succeeding Business Day, give notice of the failed Conversion by Electronic Means to the Authority, the Institution and the Holders.

Section 2.11. OPTIONAL CONVERSION OF BONDS TO FIXED RATE. (a) The Institution reserves the right to fix the rate of interest per annum which the Bonds, will bear, in whole or in part, to their Stated Maturity. In the event the Institution as herein provided exercises its Option to Convert, the Bonds shall cease to bear interest at the Adjustable Rate then borne by such Bonds and from the Fixed Rate Conversion Date shall bear interest at the Fixed Rate to their Stated Maturity or earlier redemption, subject to the terms and conditions hereof (the date on which the Fixed Rate shall take effect being herein called the "Fixed Rate Conversion Date"). The Option to Convert may be exercised at any time through a written Conversion notice given by the Institution not less than 40 nor more than 45 days prior to the proposed Fixed Rate Conversion Date to the Trustee, the Authority, the Remarketing Agent, any Credit Facility Provider and any Liquidity Facility Provider. The Fixed Rate Conversion Date may be effected on any Business Day; provided that Bonds bearing interest at a Term Rate may be converted to bear interest at the Fixed Rate on the Business Day immediately following the last day of a Calculation Period or on any date on which such Term Rate Bonds may only be called for optional redemption pursuant to Section 2.13(i) hereof, and provided further that a Fixed Rate Conversion Date that immediately follows a Commercial Paper Rate Period may be on any Business Day upon purchase of the Bonds pursuant to subsection 3 of Section 2.15 at a Purchase Price equal to the principal amount thereof, and provided further that Bonds bearing interest at a LIBOR-Based Rate may only be converted to bear interest at the Fixed Rate on the Scheduled Mandatory Tender Date or on any date which such LIBOR-Based Bond may be called for optional redemption pursuant to Section 2.13(b) hereof. A notice of Conversion to a Fixed Rate shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to give on the Fixed Rate Conversion Date to the effect that the establishment of the Fixed Rate is authorized by this Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Bonds from gross income for federal income tax purposes.

(b) The Trustee shall mail the notice of the Fixed Rate Conversion and mandatory tender received pursuant to subsection (a) of this Section 2.11 at least 30 days prior to the proposed Fixed Rate Conversion Date to the Holders; provided, however, that the Trustee has received the form of Opinion of Bond Counsel pursuant to subsection (a) above.

(c) The Fixed Rate shall be effective pursuant to this Section 2.11 only if the Trustee and the Remarketing Agent shall receive (i) by 9:30 a.m. (New York City time) on the Fixed Rate Conversion Date, an Opinion of Bond Counsel to the effect that the Conversion to the Fixed Rate is authorized by this Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Bonds from gross income for federal income tax purposes; and (ii) by 4:00 p.m. (New York City time) on the Fixed Rate Conversion Date, a certificate from an Authorized Officer of the Institution to the effect that all of the Bonds Tendered or Deemed Tendered for Purchase have been purchased at a Purchase Price equal to the principal amount thereof with funds provided from the remarketing of such Bonds, and that accrued and unpaid interest, if any, has been or shall be paid in accordance with the Indenture from funds deposited with the Trustee, and that any premium (including, if applicable, the Spread Premium), if any, has been paid from monies deposited with the Trustee.

(d) If any of the conditions referred to above are not met with respect to any Conversion from any Adjustable Rate to a Fixed Rate, the Bonds shall continue to bear interest at the Current Adjustable Rate, and the Bonds shall be subject to the provisions of this Indenture applicable thereto while the Bonds bear interest at such Current Adjustable Rate. If any of the foregoing conditions to the Conversion to the Fixed Rate are not met, the Trustee shall, as soon as practicable, but in no event later than the next succeeding Business Day, give notice of the failed Conversion by Electronic Means to the Authority, the Holders and the Institution.

(e) If the Bonds commence to bear interest at the Fixed Rate as provided in this Section 2.11, the interest rate on such Bonds may not thereafter be converted to an Adjustable Rate.

(f) At the option of the Institution, and as may be established in a Bond Terms Certificate, the Bonds converted to the Fixed Rate Mode shall bear interest at a single Fixed Rate, unless on or before the Determination Date on which the Remarketing Agent determines the Fixed Rate, the Remarketing Agent also determines that the Fixed Rate Bonds would bear a lower effective net interest cost if such Bonds were serial bonds or serial bonds and term bonds with the maturity (or Sinking Fund Installment) dates and principal amounts matching the Sinking Fund Installments, in which event the Bonds shall become serial bonds or serial bonds and term bonds with such maturity (or Sinking Fund Installment) dates and principal amounts and shall bear separate Fixed Rates for each maturity, as set forth in a Bond Terms Certificate. Once the Fixed Rate has been established in such manner that shall enable the Remarketing Agent to remarket such Bonds at par, then maturity amounts and Sinking Fund Installments shall be established by the Bond Terms Certificate, with the advice of the Remarketing Agent, to effect level debt service requirements on the converted Bonds; provided, however, that such adjustments shall become effective only if (A) the Remarketing Agent delivers a certificate to the Authority, the Institution and the Trustee which states that such maturities and Sinking Fund Account Requirements result from the computations delineated in this paragraph, and (B) an Opinion of Bond Counsel shall be delivered to the Authority, the Institution and the Trustee to the effect that such adjustment shall not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

(g) The Fixed Rate shall be the minimum interest rate which, in the judgment of the Remarketing Agent, would result in a sale of the Bonds at a price equal to the principal amount thereof on the Determination Date, unless in the judgment of the Remarketing Agent and with the written consent of the Institution, the Remarketing Agent determines that the lowest yield will result by selling the Bonds at a price equal to the principal amount thereof (plus any premium or less any discount) on the Determination Date. In the case of Bonds to be remarketed upon a Fixed Rate Conversion at a discount (A) with respect to Bonds to be converted to a Fixed Rate that are secured by a Credit Facility or a Liquidity Facility prior to such conversion to the Fixed Rate, remarketing proceeds and Available Moneys shall be on deposit on the Fixed Rate Conversion Date in an amount sufficient to pay, and shall be applied to pay, the full Purchase Price of such Bonds on such Fixed Rate Conversion Date; and (B) with respect to all other Bonds, the Institution shall transfer to the Trustee on the Fixed Rate Conversion Date, in immediately available funds, for deposit in the Institution Funds Account, an amount equal to such discount. In the case of Bonds sold at a premium, the premium shall be transferred to the Institution on the date of Conversion to the Fixed Rate Mode.

Section 2.12. INTEREST RATE CONVERSION OF BONDS GENERALLY.

1. If the interest rate on less than all Adjustable Rate Bonds is to be converted to a new Adjustable Rate pursuant to Section 2.10 or to a Fixed Rate pursuant to Section 2.11, the particular Adjustable Rate Bonds to be converted shall be chosen by the Trustee, in such manner as the Trustee in its discretion may deem proper; provided, however, that the portion of any Bonds to be converted shall be in an Authorized Denomination and that, in selecting Bonds for Conversion, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such registered Bond by the lowest Authorized Denomination for such Bonds. If it is determined that a portion of any such Bond in an Authorized Denomination is to be converted, then upon notice of intention to convert such portion of such Bond pursuant to Sections 2.10 or 2.11, as the case may be, the Holders of such Bonds shall forthwith surrender such Bonds to the Trustee for (1) payment of the Purchase Price (including the premium, if any, and accrued and unpaid interest to the date fixed for Conversion) of the principal amount called for Conversion and (2) exchange for a new Bond or Bonds in the aggregate principal amount of the balance of the principal of such Bonds not subject to Conversion. If the Holders of any such portion of such Bond shall fail to present such Bond to the Trustee, for payment and exchange as aforesaid, such portion of such Bond shall, nevertheless, become due and payable on the date fixed for Conversion to the extent of the principal amount subject to such Conversion (and to that extent only).

2. Notwithstanding anything in this Article II to the contrary, during a Term Rate Period, the Institution may not effect a Conversion pursuant to Section 2.10 and the Institution may not exercise its Option to Convert to a Fixed Rate pursuant to Section 2.11 if such action would require the payment of a premium (including, if applicable, the Spread Premium) upon purchase of Bonds pursuant to Section 2.15 unless there shall have been deposited the full amount of such premium in trust with the Trustee prior to any notification of a Conversion pursuant to Section 2.10 or 2.11.

3. **[With regard to the Series B Bonds only]** Notwithstanding anything in this Article II to the contrary, during the initial LIBOR-Based Rate Period, the Institution may not effect a Conversion pursuant to Section 2.10 and the Institution may not exercise its Option to Convert to a Fixed Rate pursuant to Section 2.11 until on or after the Earliest Redemption Date applicable to such Bonds.

Section 2.14. TENDER FOR AND PURCHASE OF BONDS UPON ELECTION OF HOLDER. 1. During any Daily Rate Period or Weekly Rate Period, any Bond or portion thereof in a principal amount equal to an Authorized Denomination (so long as the principal amount not purchased is an Authorized Denomination) shall be purchased on the demand of the Holder thereof on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date, upon delivery to the Trustee and the Remarketing Agent at their respective principal offices, by the Tender Notice Deadline of an Optional Tender Notice; provided, however, that the substance of such Optional Tender Notice must also be given telephonically to the Remarketing Agent prior to or simultaneously with delivery of such written Optional Tender Notice to the Remarketing Agent. The date on which such Bond shall be purchased shall, at the request of the Holder thereof (i) if the Bond then bears interest at a Daily Rate, be the date of delivery of such Optional Tender Notice if such Optional Tender Notice is delivered to the Trustee and the Remarketing Agent by 11:00 a.m. (New York City time) on such date or may be any Business Day thereafter, or (ii) if the Bond then bears interest at a Weekly Rate, a Business Day at least seven days after the date of the delivery of such Optional Tender Notice to the Trustee and the Remarketing Agent. Purchases of Bonds so subject to tender shall be made not later than 3:00 p.m. (New York City time) on the applicable Purchase Date.

2. During any Monthly Rate Period, Quarterly Rate Period or Semiannual Rate Period on or prior to the Fixed Rate Conversion Date, any Bond or portion thereof in a principal amount equal to an Authorized Denomination (so long as the principal amount not purchased is an Authorized Denomination) shall be purchased on the demand of the Holder thereof on the first Business Day following each Calculation Period at a price equal to the principal amount thereof, upon delivery to the Trustee and the Remarketing Agent, at their respective principal offices of an Optional Tender Notice on or prior to a Business Day which is not less than ten (10) days, in the case of Bonds bearing interest at a Quarterly Rate or a Semiannual Rate, or seven days, in the case of Bonds bearing interest at a Monthly Rate, prior to the proposed date of purchase; provided, however, that the substance of such Optional Tender Notice must also be given telephonically to the Remarketing Agent prior to or simultaneously with

delivery of such written Optional Tender Notice to the Remarketing Agent. Purchases of Bonds so subject to tender shall be made not later than 3:00 p.m. (New York City time) on the applicable Purchase Date.

3. During any VRO Rate Period, any VRO shall be subject to tender at the option of the Holder of such VRO upon the terms and conditions set forth in Section 2.20 hereof.

4. Promptly upon receipt of an Optional Tender Notice delivered in accordance with the provisions of this Section 2.14, the Trustee shall notify, or cause to be notified, by Electronic Means, the Institution, any Credit Facility Provider, any Liquidity Facility Provider, the Remarketing Agent and the Authority of any Optional Tender Notice given by a Bondowner to the Trustee pursuant to Section 2.14 hereof, which notice shall specify the principal amount of the Adjustable Rate Bonds to be purchased and the Optional Tender Date.

Upon receipt of any Optional Tender Notice meeting the requirements of this Indenture, the Remarketing Agent, pursuant to and subject to the terms of the Remarketing Agreement, shall use its best efforts to remarket the Adjustable Rate Bonds which are the subject of such Optional Tender Notice, to persons other than the Institution and the Authority (including affiliates and insiders of each), any such sale to be made on the Optional Tender Date on which such Adjustable Rate Bonds are to be purchased, at a price equal to the Purchase Price.

In no event will the Remarketing Agent remarket any Bonds Tendered or Deemed Tendered for Purchase on any Purchase Date for a price other than the Purchase Price.

5. Any Optional Tender Notice shall be irrevocable. If a Holder fails to deliver the Bonds referred to in such notice to the Trustee, such Bonds shall nevertheless be deemed to have been purchased on the date established for the purchase thereof, and, to the extent that there shall be on deposit in the Purchase Fund on such date an amount sufficient to pay the principal amount thereof, plus accrued interest, if any, no interest shall accrue on such Bonds from and after the date of purchase and such Holder shall have no rights hereunder thereafter as the owner of such Bonds except the right to receive the Purchase Price of such Bonds.

6. The right of a Holder to tender a Bond to the Trustee shall terminate after the Fixed Rate Conversion Date.

7. **[With regard to the Series B Bonds only]** During the initial LIBOR-Based Rate Period the Bonds shall not be subject to tender for purchase at the option of the Holder thereof.

Section 2.15. MANDATORY TENDER OF BONDS UPON MODE CONVERSION, ON BUSINESS DAY FOLLOWING CERTAIN CALCULATION PERIODS, OR UPON TERMINATION, OR SUBSTITUTION OF, OR DEFAULT UNDER, CREDIT FACILITY OR LIQUIDITY FACILITY.

1. Upon a Conversion to another Adjustable Rate Mode, the Adjustable Rate Bonds shall be subject to mandatory tender for purchase in accordance with the terms hereof, on the Conversion Date of such Conversion at a Purchase Price equal to the principal amount thereof plus accrued interest and premium, if any, in accordance with Section 2.10; provided that, with respect to the LIBOR-Based Bonds or SIFMA-Based Bonds, if the Conversion is prior to the Earliest Redemption Date, such Purchase Price shall be equal to the principal amount thereof, plus, if applicable, the Spread Premium, plus accrued interest, if any; and provided further that, with respect to Bonds in the Term Rate Period, if the Conversion to another Adjustable Rate occurs on any date prior to the date on which the Term Rate Bonds would be subject to optional redemption at par, such Purchase Price shall include the applicable redemption premium specified for such Bonds pursuant to Section 2.13(i) hereof.

2. During any Term Rate Period or Commercial Paper Rate Period, the Bonds shall be subject to mandatory tender for purchase in accordance with the terms hereof on the Business Day immediately following each Calculation Period, each at a price equal to the principal amount thereof plus accrued interest and premium, if any.

3. The Adjustable Rate Bonds shall also be subject to mandatory tender for purchase in accordance with the terms hereof on the Fixed Rate Conversion Date at a Purchase Price equal to the principal

amount thereof plus accrued interest and premium, if any; provided that, with respect to the LIBOR-Based Bonds, if the Fixed Rate Conversion Date is prior to the Earliest Redemption Date, such Purchase Price shall be equal to the principal amount thereof, plus any Spread Premium, plus accrued interest, if any; and provided further that, with respect to Bonds in the Term Rate Period and Bonds in the SIFMA-Based Rate Period, if the Conversion to a Fixed Rate occurs on any date prior to the date on which the Term Rate Bonds or the SIFMA-Based Bonds, as applicable, would be subject to optional redemption at par, such Purchase Price shall include the applicable redemption premium specified for such Bonds pursuant to Section 2.13(i) or 2.13(c) hereof, as applicable.

4. If the Bonds are secured by a Credit Facility or a Liquidity Facility, such Bonds shall be subject to mandatory tender for purchase upon the termination, substitution or expiration of such Credit Facility or Liquidity Facility as described in Sections 2.21 and 2.22 of this Indenture and on the Purchase Dates determined pursuant to this Section 2.15. The Eligible Bonds shall be subject to mandatory tender at the Purchase Price (i) on each Liquidity Facility Substitution Date and Credit Facility Substitution Date; (ii) on the second (2^{nd}) day (or if such day is not a Business Day, the Business Day preceding such day) preceding each Credit Facility Termination Date and Liquidity Facility Termination Date; and (iii) on each Credit Facility Default Purchase Date and each Liquidity Facility Default Purchase Date. Notwithstanding the foregoing, the Bonds shall not be subject to mandatory purchase as provided in this subsection (4) if at least two (2) Business Days prior to the date on which notice of mandatory tender must be given to the Holders as provided in this Section 2.15, the Institution has furnished to the Trustee an agreement to extend the Liquidity Facility or Credit Facility, as applicable. The Trustee shall give a Mandatory Tender Notice by mail to the Holders of the Bonds subject to mandatory purchase pursuant to this subsection (4) no less than five (5) days prior to such Mandatory Tender Date.

5. Notice of mandatory tender for purchase upon a Conversion of the Interest Rate Mode or upon a Conversion to a Fixed Rate shall state the Purchase Date and that the Bonds are subject to mandatory tender on the Purchase Date at the applicable Purchase Price, and shall be given by the Trustee, in the name of the Authority (with copies thereof to be given to the Remarketing Agent, the Institution, any Credit Facility Provider, any Liquidity Facility Provider, any Rating Agency then rating the Bonds, and, upon request, the Authority) by first-class mail to the Holders of the Bonds subject to purchase at their addresses shown on the books of registry. At least thirty (30) days prior to each Mandatory Tender Date (or such shorter period provided in (4) above), the Trustee shall mail to the Bondowners, the Authority, the Remarketing Agent, the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any), a Mandatory Tender Notice, which notice shall state:

(1) (i) In the case of any Credit Facility Termination Date in the event that a Substitute Credit Facility for the expiring or terminating Credit Facility is not to be delivered, (A) the Credit Facility Termination Date, and (B) that the Bonds shall be subject to mandatory tender and purchase on the date which is two (2) days (or if such day is not a Business Day, the Business Day preceding such day) prior to the Credit Facility Termination Date; (ii) in the case of any Credit Facility Substitution Date in the event that a Substitute Credit Facility for the Credit Facility then in effect is to be delivered and effective on or prior to such Credit Facility Substitution Date, (A) that a Substitute Credit Facility will be substituted for the Credit Facility then in effect; (B) the proposed Credit Facility Substitution Date; and (C) that the Bonds shall be subject to mandatory tender and purchase on the proposed Credit Facility Substitution Date; (iii) In the case of any Liquidity Facility Termination Date in the event that a Substitute Liquidity Facility for the expiring or terminating Liquidity Facility is not to be delivered, (A) the Liquidity Facility Termination Date, and (B) that the Bonds shall be subject to mandatory tender and purchase on the date which is two (2) days (or if such day is not a Business Day, the Business Day preceding such day) prior to the Liquidity Facility Termination Date; (iv) in the case of any Liquidity Facility Substitution Date in the event that a Substitute Liquidity Facility for the Liquidity Facility then in effect is to be delivered and effective on or prior to such Liquidity Facility Substitution Date, (A) that a Substitute Liquidity Facility will be substituted for the Liquidity Facility then in effect; (B) the proposed Liquidity Facility Substitution Date; and (C) that the Bonds shall be subject to mandatory tender and purchase on the proposed Liquidity Facility Substitution Date; (v) in the case of any Credit Facility Default Purchase Date or any Liquidity Facility Default Purchase Date, (A) that the Trustee has received notice from the Credit Facility Provider or the Liquidity Facility Provider, as applicable, that an event of default has occurred under the Credit Facility or the Liquidity Facility, as applicable, and has directed the

Trustee to call the Bonds for mandatory tender, (B) the Credit Facility Default Purchase Date or the Liquidity Facility Default Purchase Date, as applicable, and (C) that the Bonds shall be subject to mandatory tender on the Credit Facility Default Purchase Date or the Liquidity Facility Default Purchase Date, as applicable; (vi) in the case of any Purchase Date for Bonds in the Bank Purchase Mode, the SIFMA-Based Mode, the LIBOR-Based Mode, the Commercial Paper Mode or the Term Mode (A) that such Bonds shall be subject to mandatory tender and purchase on the applicable Purchase Date; and (B) the applicable Purchase Date; and (vii) in the case of a Conversion Date: (A) that the interest rate on the Bonds is to be converted to another Mode; (B) the proposed Conversion Date; and (C) that the Bonds shall be subject to mandatory tender and purchase on the proposed Conversion Date.

(2) that all such Bonds must be tendered for purchase on the Mandatory Tender Date to the Trustee with an instrument of transfer satisfactory to the Trustee executed in blank by the Bondowner with the medallion guarantee, and that Bonds so tendered will be purchased on the Mandatory Tender Date at a Purchase Price equal to the principal amount thereof plus accrued interest thereon to the Mandatory Tender Date; and

(3) that if there shall be deposited with the Trustee an amount sufficient to pay the Purchase Price of such Bonds on such Mandatory Tender Date, the Bonds so subject to mandatory tender and purchase will be deemed to have been tendered and purchased on such Mandatory Tender Date, whether or not such Bonds are tendered to the Trustee on such date, and that the Holders of such Bonds shall have no rights with respect thereto or under this Indenture, except to receive the Purchase Price of such Bonds.

The Trustee may assume that a Bond is an Eligible Bond unless the Trustee has actual knowledge that such Bond is not an Eligible Bond. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

6. The Purchase Price of tendered Adjustable Rate Bonds shall include premium solely to the extent that (i) such Bonds bear interest at a Term Rate; (ii) the applicable Redemption Price therefor would include the premium specified in Section 2.13 if such Bonds were to be optionally redeemed on the date such Bonds are to be purchased; and (iii) the Bonds bear interest at a LIBOR-Based Rate and payment of any applicable Spread Premium is required.

7. The LIBOR-Based Bonds, the SIFMA-Based Bonds and the Bank Purchase Bonds shall also be subject to mandatory tender for purchase, if at all, at the time or times and at the price or prices, as provided in a Bond Terms Certificate, provided, however, that the Purchase Date on which Bonds initially issued as LIBOR-Based Bonds shall be subject to mandatory tender for purchase (i.e., their Mandatory Tender Date) shall be the initial Scheduled Mandatory Tender Date, at a purchase price equal to par, plus accrued interest to the date of mandatory tender.

8. The Remarketing Agent, pursuant to and subject to the terms of the Remarketing Agreement and this Indenture, shall use its best efforts to remarket the principal amount of Adjustable Rate Bonds subject to mandatory tender to persons other than the Institution and the Authority (including affiliates and insiders of each), any such sale to be made on the Mandatory Tender Date on which such Adjustable Rate Bonds are to be purchased, at a price equal to the Purchase Price.

Section 2.16. GENERAL PROVISIONS APPLICABLE TO MANDATORY AND OPTIONAL TENDERS FOR PURCHASE OF BONDS. (a) If interest has been paid on the Bonds, or an amount sufficient to pay interest thereon has been deposited in the Interest Account of the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Purchase Fund, and the Purchase Price equal to the principal of, and, with respect to Term Rate Bonds only, if applicable, premium, on the Bonds shall be available in the Purchase Fund for purchase of Bonds subject to tender for purchase pursuant to Section 2.14 or 2.15, and if any Holder fails to deliver or does not properly deliver the Bonds to the Trustee for which an Optional Tender Notice has been properly filed or which are subject to mandatory tender for purchase on the

Purchase Date therefor, such Bonds shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, no interest shall accrue on such Bonds from and after the date of purchase and such former Holders shall have no rights hereunder as the registered owners of such Bonds, except the right to receive the Purchase Price of and interest to the Purchase Date, if any, on such Bonds upon delivery thereof to the Trustee in accordance with the provisions hereof. The purchaser of any such Bonds remarketed by the Remarketing Agent shall be treated as the registered owner thereof for all purposes of the Indenture. If the ownership of the Bonds is no longer maintained in book-entry form by DTC the payment of Bonds pursuant to Sections 2.14 or 2.15 shall be subject to delivery of such Bonds duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Trustee executed in blank for transfer at the designated corporate trust office of the Trustee at or prior to 10:00 a.m. (12:00 noon for Bonds bearing interest at the Daily Rate, the Weekly Rate or the VRO Rate) (New York City time), on a specified Purchase Date. The Trustee may refuse to make payment with respect to any Bonds tendered for purchase pursuant to Sections 2.14 or 2.15 not endorsed in blank or for which an instrument of transfer satisfactory to the Trustee has not been provided.

(b) The Purchase Price of Bonds subject to tender for purchase pursuant to Sections 2.14 or 2.15 in an aggregate principal amount of at least one million dollars ($1,000,000) shall be payable in immediately available funds or by wire transfer upon written notice from the Holder thereof containing the wire transfer address (which shall be in the continental United States) to which such Holder wishes to have such wire directed, if such written notice is received by the Trustee not less than five days prior to the related Purchase Date. Upon receipt of notice of the optional tender or mandatory tender of the Bonds pursuant to Sections 2.14 or 2.15 hereof, the Remarketing Agent shall, subject to the provisions of the Remarketing Agreement, offer for sale and use its best efforts to find purchasers for all Bonds or portions thereof properly tendered at a Purchase Price equal to par, plus accrued interest, if any, plus, with respect to Term Rate Bonds only, if applicable, premium. On or before 12:00 noon (New York City time) on such Purchase Date the Remarketing Agent shall (i) determine the principal amount of tendered Bonds it has successfully remarketed and with respect to which it has received funds from the purchasers thereof, (ii) cause the Purchase Price for such tendered bonds to be paid to the Trustee in immediately available funds and (iii) notify the Trustee, any Credit Facility Provider, any Liquidity Facility Provider and the Institution of such amount, as well as the principal amount of Bonds Tendered or Deemed Tendered for Purchase on such date which it has not remarketed or received funds from the purchasers thereof.

(c) In no event shall the Remarketing Agent remarket Bonds to the Authority or the Institution.

(d) In the event there is a deficiency between (i) the principal amount of the Bonds Tendered or Deemed Tendered for Purchase on any Purchase Date and (ii) the principal amount of such Bonds that have been successfully remarketed by the Remarketing Agent and with respect to which the Remarketing Agent has received funds from the purchasers thereof, the Trustee shall by 12:30 p.m. (New York City time) on such Purchase Date notify the Institution and any Credit Facility Provider or Liquidity Facility Provider of such deficiency, and (i) if a Credit Facility or a Liquidity Facility is then in effect and the conditions for a drawing thereupon are satisfied, the Trustee shall draw upon the Credit Facility or Liquidity Facility by 12:30 p.m. (New York City time) on such Purchase Date so that the Credit Facility Provider or Liquidity Facility Provider shall by 2:30 p.m. (New York City time) on such Purchase Date, or (ii) if a Credit Facility or Liquidity Facility is not then in effect, or if any conditions for a drawing upon any Credit Facility or any Liquidity Facility then in effect are not satisfied, or if timely payment under any Credit Facility or Liquidity Facility is not received by the Trustee from the Credit Facility Provider or Liquidity Facility Provider, the Institution shall by 2:30 p.m. (New York City time) on such Purchase Date transfer the amount of such deficiency by wire in immediately available funds to the Trustee so that the Trustee will have sufficient immediately available funds from the Institution or the Credit Facility Provider or Liquidity Facility Provider which, when added to the immediately available funds received by the Trustee by 12:00 noon (New York City time) on such Purchase Date from the Remarketing Agent, shall be sufficient to pay in full the Purchase Price of all Bonds Tendered or Deemed Tendered for Purchase not later than 3:00 p.m. (New York City time) on such Purchase Date. Bonds so purchased with moneys furnished by the Institution shall be Institution Bonds. Any amounts received by the Trustee from the Institution pursuant to this Section shall be immediately deposited in the Institution Funds Account of the Purchase Fund for subsequent disbursement therefrom for the purpose of paying the Purchase Price of Bonds Tendered or Deemed Tendered for Purchase in accordance with the provisions of this Indenture.

(e) Bonds, the Purchase Price of which shall have been paid by the Trustee from amounts realized from a drawing by the Trustee for the payment of the Purchase Price under the Credit Facility or Liquidity Facility (or new Bonds executed and authenticated in lieu thereof), shall be Credit Facility Provider Bonds or Liquidity Facility Provider Bonds, as the case may be, and shall be registered in the name of the Credit Facility Provider or the Liquidity Facility Provider, as the case may be, as owner or as pledgee, or otherwise upon the written direction of the Credit Facility Provider or the Liquidity Facility Provider, as the case may be, and shall be held by the Trustee as agent for the Credit Facility Provider or the Liquidity Facility Provider, as the case may be, or otherwise delivered upon the written order of the Credit Facility Provider or the Liquidity Facility Provider, as the case may be (or, if held by DTC in book-entry form, such ownership by or pledge to the Credit Facility Provider or the Liquidity Facility Provider, as the case may, be shall be recorded on the bond register maintained by the Trustee and in the ownership records maintained by DTC and the applicable participant) unless and until (1) the Trustee has written confirmation from the Credit Facility Provider or the Liquidity Facility Provider, as the case may be, that the Credit Facility or the Liquidity Facility has been reinstated with respect to such drawing and (2) the Credit Facility Provider or the Liquidity Facility Provider, as the case may be, has notified the Trustee in writing that such Bonds have been released by the Credit Facility Provider or the Liquidity Facility Provider, as the case may be.

Section 2.18 INTEREST RATE ON LIBOR-BASED BONDS. Interest on the LIBOR-Based Bonds will be payable on each Interest Payment Date. Interest on the LIBOR-Based Bonds will be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed.

During each LIBOR-Based Rate Period, the LIBOR-Based Bonds will bear interest at the LIBOR-Based Rate from the first day of the LIBOR-Based Rate Period and ending on the day immediately prior to the first Interest Payment Date and thereafter during the period commencing on and including an Interest Payment Date to but not including the following Interest Payment Date.

The LIBOR-Based Rate for the LIBOR-Based Bonds shall be the rate of interest per annum determined by the Calculation Agent to be equal to the sum of (a) the Applicable Percentage (for such LIBOR-Based Rate) of the One-Month LIBOR Rate or the Three-Month LIBOR Rate, as applicable, as shall be set forth in this Indenture or, as applicable, in a Bond Terms Certificate delivered at the time the Bonds are converted to a LIBOR-Based Rate, plus (b) the Applicable Spread specified in this Indenture or, as applicable, in the Bond Terms Certificate for such LIBOR-Based Rate, provided that in the calculation of the initial LIBOR-Based Rate for the LIBOR-Based Bonds, the One-Month LIBOR Rate or the Three-Month LIBOR Rate, as the case may be, will be calculated through the use of straight-line interpolation by reference to the One-Month LIBOR Rate or the Three-Month LIBOR Rate, as the case may be, and a LIBOR Rate with a maturity that most closely matches the initial LIBOR-Based Rate Period and provided, further, that in all cases the LIBOR-Based Rate will never exceed the Maximum Rate.

As soon as possible after 11:00 a.m. (New York City time) on each LIBOR-Based Determination Date, but in no event later than 11:00 a.m. (New York City time) on the Business Day immediately following each LIBOR-Based Determination Date, the Calculation Agent will notify the Institution, the Trustee, the Remarketing Agent, and the Holders of the LIBOR-Based Rate for the next LIBOR-Based Accrual Period.

Section 2.21. CREDIT FACILITY; SUBSTITUTE CREDIT FACILITY. (a) Mandatory Tender upon Termination or Substitution of, or Default under, Credit Facility. Except as otherwise provided in Section 2.15 hereof, the Bonds (other than any Credit Facility Provider Bonds) shall be subject to mandatory tender and purchase on (A) the date two (2) days (or if such day is not a Business day, the Business Day preceding such day) prior to any Credit Facility Termination Date; (B) the Credit Facility Substitution Date; and (C) the Credit Facility Default Purchase Date (each a "Credit Facility Mandatory Tender Date"), at a price equal to the principal amount thereof, plus accrued interest (if any) thereon to the date of purchase. Notice of mandatory tender shall be given as provided in Section 2.15 hereof.

(b) Draws Upon Credit Facility. For as long as a Credit Facility constituting a direct-pay letter of credit is in effect with respect to the Bonds, the Trustee shall apply amounts derived thereunder to the payment of regularly scheduled principal of and interest on the Bonds, in the manner provided below, prior to the Trustee using any other amounts on deposit in the Funds and Accounts established under this Indenture for such purpose. The Trustee shall draw upon the Credit Facility in accordance with its terms, by 5:00 **[with regard to the**

Series B Bonds] and 4:00 p.m. **[with regard to the Series C and Series D Bonds]** (New York City time) on the Business Day preceding such payment date, to pay on any interest or principal payment date principal of and interest on any Bonds supported thereby (excluding Credit Facility Provider Bonds or Institution Bonds), whether on an Interest Payment Date or upon regularly scheduled mandatory sinking fund redemption or other redemption, at maturity or upon acceleration of maturity, and, by 12:30 p.m. (New York City time) on any Purchase Date, to pay, on such Purchase Date, in accordance with the last three sentences of this subsection (b), the Purchase Price of Bonds Tendered or Deemed Tendered for Purchase. The Credit Facility Provider shall be required to provide any amount so drawn upon the Credit Facility (i) on each Interest Payment Date or regularly scheduled principal maturity date, mandatory sinking fund redemption or other redemption date, or upon acceleration of maturity, in immediately available funds, to the Trustee, no later than 12:00 noon (New York City time) on each such date; and (ii) on each Purchase Date, to the Trustee, no later than 2:30 p.m. (New York City time) on each such Purchase Date. The Trustee shall also draw upon any Credit Facility constituting a letter of credit for the Fixed Rate Bonds in accordance with its terms to pay principal of and interest on such Fixed Rate Bonds then due with respect to regularly scheduled mandatory sinking fund redemption or other redemption, at maturity or upon acceleration of maturity. Amounts received pursuant to drawings upon the Credit Facility shall be deposited into the Debt Service Fund or the Credit Facility Account, as applicable, and shall be segregated and not be commingled with moneys in any other fund and shall be held uninvested (in an Eligible Account, as defined in Section 5.10 hereof) in the trust created and maintained under this Indenture, by the Trustee for the benefit of, and application to, the express purpose for which such drawing was made. In the event that by 12:00 noon (New York City time), on any Purchase Date there are not sufficient remarketing proceeds held by the Trustee that constitute immediately available funds to pay the Purchase Price of Bonds Tendered or Deemed Tendered for Purchase on such Purchase Date, the Trustee shall, not later than 12:30 p.m. (New York City time) on such Purchase Date, make a drawing under the Credit Facility to pay the Purchase Price of Bonds Tendered or Deemed Tendered for Purchase on such Purchase Date in excess of the amount of the Purchase Price of any Bonds supported thereby to be paid from the proceeds of the remarketing and sale of such Bonds that have been deposited with the Trustee. Any drawing on a Credit Facility to pay the Purchase Price of Bonds on a Credit Facility Substitution Date shall be made upon the Credit Facility that is to be replaced and not upon the Substitute Credit Facility. Any amounts received by the Trustee from a drawing on the Credit Facility shall be promptly applied to the payment of principal or Purchase Price of or Redemption Price of, and interest on the Bonds, as the case may be. In the event that the Credit Facility Provider shall fail to timely honor a drawing on the Credit Facility on any Interest Payment Date, regularly scheduled principal maturity date, mandatory sinking fund redemption date or other redemption date, date for payment of principal and interest upon an acceleration of the Bonds, or Purchase Date, the Trustee shall notify the Institution of such failure by the Credit Facility Provider and the Institution shall provide the Trustee with sufficient funds to pay the principal of, interest on, Redemption Price of or Purchase Price of such Bonds on such date, as provided in Section 2.2 of the Loan Agreement, and the Trustee shall apply such amounts received by the Institution as provided in Section 5.4 hereof.

(c) Substitute Credit Facility. At any time which is at least forty-five (45) days prior to the expiration or termination of any Credit Facility, the Institution may, subject to the provisions of Section 2.10 of the Loan Agreement, provide for the delivery to the Trustee of a Substitute Credit Facility. Provision of such Substitute Credit Facility may be evidenced by delivery of an irrevocable commitment for the Substitute Credit Facility issued by the proposed Credit Facility Provider at least forty-five (45) days prior to the expiration or termination of any Credit Facility then in effect. Any such Substitute Credit Facility may be for a term of years which is more or less than the Credit Facility which is being replaced (subject to the provisions of the Loan Agreement) and shall contain administrative provisions reasonably acceptable to the Trustee. A Substitute Credit Facility shall not become effective unless any Credit Facility Provider Bonds held on the Credit Facility Mandatory Tender Date by the issuer of the prior Credit Facility have been released in writing by the prior Credit Facility Provider. On or prior to the date of the delivery of such Substitute Credit Facility to the Trustee, the Institution shall furnish to the Trustee an Opinion of Bond Counsel to the effect that the delivery of the proposed Substitute Credit Facility to the Trustee is permitted under this Indenture and the Loan Agreement and complies with the terms of this Indenture and the Loan Agreement and will not adversely affect (A) the exclusion of the interest payable on the Bonds to which it relates from the gross income of the Bondowners for purposes of federal income taxation pursuant to Section 103 of the Code, and (B) the exemption of interest of and any gain on the sale of the Bonds to which it relates for the purpose of the Connecticut income tax on individuals, trusts and estates. Upon receipt of such documents and the documents set forth in paragraph (d)(iii) below, the Trustee shall accept such Substitute Credit Facility on the Credit Facility Mandatory Tender Date relating thereto, which Substitute Credit Facility shall be effective on the Credit Facility Substitution Date, and in any case not later than the date that is two (2) days (or if such day is not a Business Day,

the Business Day preceding such day) prior to the applicable Credit Facility Termination Date and shall surrender the Credit Facility then in effect to the Credit Facility Provider which issued such Credit Facility on the Credit Facility Substitution Date.

(d) Miscellaneous Provisions Relating to Credit Facility. (i) The Trustee shall comply with any procedures set forth in any outstanding Credit Facility relating to the expiration or termination thereof. In addition, upon receipt by the Trustee of a notice from the Authority to the effect that the Bonds shall no longer be required to be supported by a Credit Facility, the Trustee shall comply with the procedures set forth in the outstanding Credit Facility relating to the termination thereof.

(ii) Nothing herein shall require the Institution to deliver to the Trustee a Substitute Credit Facility upon the expiration or termination of a Credit Facility.

(iii) Notwithstanding anything contained herein to the contrary, no Substitute Credit Facility shall be delivered to the Trustee hereunder unless such Substitute Credit Facility is accompanied by (i) Opinions of Counsel reasonably satisfactory to the Authority and the Trustee to the effect that (1) the Credit Facility Provider is duly organized and existing under the laws of the jurisdiction of its organization and is duly qualified to do business in the United States of America; (2) the Substitute Credit Facility is a legal, valid and binding obligation of the Credit Facility Provider, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; (3) to the extent required by the Rating Agency, payments made by the Credit Facility Provider of amounts drawn under the Substitute Credit Facility will not be recoverable from the Bondowners as voidable preferences under Section 547(b) of the United States Bankruptcy Code or any successor provision in the event of the commencement of a proceeding by or against the Institution or by the Authority as debtor under the United States Bankruptcy Code; and (4) the Substitute Credit Facility is an exempt security under the Securities Act of 1933, as amended, and accordingly neither the registration of the related Bonds under the Securities Act of 1933, as amended, nor the qualification of an indenture in respect thereof under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of such Substitute Credit Facility or the remarketing of the Bonds secured thereby; and (ii) the written consent of the Authority to the selection of the Credit Facility Provider.

(iv) The Trustee shall not sell, assign or otherwise transfer the Credit Facility except to a successor Trustee hereunder and in accordance with the terms of the Credit Facility.

(v) Notwithstanding any other provision hereof, any then current Credit Facility shall not be released until the Trustee has on deposit in immediately available funds sufficient moneys (from remarketing proceeds or from a drawing for the payment of the Purchase Price under the Credit Facility then in effect) to pay in full all Bonds Tendered or Deemed Tendered for Purchase on a Purchase Date.

(vi) Drafts of all documents to be provided to the Trustee or the Authority on or before the Credit Facility Substitution Date pursuant to this Section shall be delivered to the Trustee and the Authority at least fourteen (14) days prior to the Credit Facility Substitution Date.

(vii) In no event shall a Credit Facility be drawn upon to pay any Bonds except Eligible Bonds secured by such Credit Facility.

(e) Interest on Credit Facility Provider Bonds. (i) Each Credit Facility Provider Bond shall bear interest on the Outstanding principal amount thereof at the interest rate provided therefor in the Credit Facility Agreement (the "Credit Facility Provider Interest Rate") for each day from and including the date such Bond becomes a Credit Facility Provider Bond to, but not including, the date such Bond is paid in full, is remarketed or is refinanced by a term loan or other debt instrument of the Institution as provided in the Credit Facility Agreement.

(ii) Interest on Credit Facility Provider Bonds shall be payable as provided in the Credit Facility Agreement. Credit Facility Provider Bonds shall not bear interest at the Credit Facility Provider Interest Rate after

such Bonds have been remarketed unless such Bonds shall again become Credit Facility Provider Bonds. Interest on Credit Facility Provider Bonds shall be calculated in the manner set forth in the Credit Facility Agreement.

Section 2.22. LIQUIDITY FACILITY; SUBSTITUTE LIQUIDITY FACILITY. (a) Except as otherwise provided in Section 2.15 hereof, the Bonds (other than any Liquidity Facility Provider Bonds) shall be subject to mandatory tender and purchase on (A) the date two (2) days (or if such day is not a Business day, the Business Day preceding such day) prior to any Liquidity Facility Termination Date; (B) the Liquidity Facility Substitution Date; and (C) the Liquidity Facility Default Purchase Date (each a "Liquidity Facility Mandatory Tender Date"), at a price equal to the principal amount thereof, plus accrued interest (if any) thereon to the date of purchase. Notice of mandatory tender shall be given as provided in Section 2.15 hereof. The Trustee shall draw upon the Liquidity Facility in accordance with its terms, by 12:30 p.m. (New York City time) on any Purchase Date, to pay, on such Purchase Date, in accordance with the last two sentences of this subsection (a), the Purchase Price of Bonds Tendered or Deemed Tendered for Purchase. The Liquidity Facility Provider shall be required to provide any amount so drawn upon the Liquidity Facility on each Purchase Date, to the Trustee, no later than 2:30 p.m. (New York City time), on each such Purchase Date. Amounts received pursuant to drawings upon the Liquidity Facility shall be deposited into the Liquidity Facility Account and shall be segregated and not be commingled with moneys in any other fund and shall be held uninvested in the trust created and maintained under this Indenture, by the Trustee for the benefit of, and application to, the express purpose for which such drawing was made. In the event that by 12:00 noon (New York City time) on any Purchase Date there are not sufficient remarketing proceeds held by the Trustee that constitute immediately available funds to pay the Purchase Price of Bonds Tendered or Deemed Tendered for Purchase on such Purchase Date, the Trustee shall, not later than 12:30 p.m. (New York City time) on such Purchase Date, make a drawing under the Liquidity Facility to pay the Purchase Price of Bonds Tendered or Deemed Tendered for Purchase on such Purchase Date in excess of the amount of the Purchase Price of any Adjustable Rate Bonds supported thereby to be paid from the proceeds of the remarketing and sale pursuant to Section 2.16 hereof of any Adjustable Rate Bonds supported thereby that have been deposited with the Trustee. Any amounts received by the Trustee from a drawing on the Liquidity Facility shall be promptly applied to the payment of the Purchase Price of the Bonds. Any drawing on a Liquidity Facility to pay the Purchase Price of Bonds on a Liquidity Facility Substitution Date shall be made upon the Liquidity Facility that is to be replaced and not upon the Substitute Liquidity Facility.

(b) At any time which is at least forty-five (45) days prior to the expiration or termination of any Liquidity Facility, the Institution may, subject to the provisions of Section 2.11 of the Loan Agreement, provide for the delivery to the Trustee of a Substitute Liquidity Facility. Provision of such Substitute Liquidity Facility may be evidenced by delivery of an irrevocable commitment for the Substitute Liquidity Facility issued by the proposed Liquidity Facility Provider and agreed to by the Institution at least forty-five (45) days prior to the expiration or termination of any Liquidity Facility then in effect. Any such Substitute Liquidity Facility may be for a term of years which is more or less than the Liquidity Facility which is being replaced (subject to the provisions of Section 2.11(d) of the Loan Agreement) and shall contain administrative provisions reasonably acceptable to the Trustee. A Substitute Liquidity Facility shall not become effective unless any Liquidity Facility Provider Bonds held on the Liquidity Facility Mandatory Tender Date by the issuer of the prior Liquidity Facility have been released in writing by the prior Liquidity Facility Provider. On or prior to the date of the delivery of such Substitute Liquidity Facility to the Trustee, the Institution shall furnish to the Trustee an Opinion of Bond Counsel to the effect that the delivery of the proposed Substitute Liquidity Facility to the Trustee is permitted under this Indenture and the Loan Agreement and complies with the terms of this Indenture and the Loan Agreement and will not adversely affect (A) the exclusion of the interest payable on the Bonds to which it relates from the gross income of the Bondowners for purposes of federal income taxation pursuant to Section 103 of the Code, and (B) the exemption of interest of and any gain on the sale of the Bonds to which it relates for the purpose of the Connecticut income tax on individuals, trusts and estates. Upon receipt of such documents and the documents set forth in Section 2.22(e) below, the Trustee shall accept such Substitute Liquidity Facility on the Mandatory Tender Date relating thereto, which Substitute Liquidity Facility shall be effective on the Liquidity Facility Substitution Date, and in any case not later than the date that is two (2) days (or if such day is not a Business Day, the Business Day preceding such day) prior to the applicable Liquidity Facility Termination Date and shall surrender the Liquidity Facility then in effect to the Liquidity Facility Provider which issued such Liquidity Facility on the Liquidity Facility Substitution Date.

(c) The Trustee shall comply with any procedures set forth in any outstanding Liquidity Facility relating to the expiration or termination thereof. In addition, upon receipt by the Trustee of a notice from

the Authority to the effect that the Bonds shall no longer be required to be supported by a Liquidity Facility, the Trustee shall comply with the procedures set forth in the outstanding Liquidity Facility relating to the termination thereof.

(d) Nothing herein shall require the Institution to deliver to the Trustee a Substitute Liquidity Facility upon the expiration or termination of a Liquidity Facility.

(e) Notwithstanding anything contained herein to the contrary, no Substitute Liquidity Facility shall be delivered to the Trustee hereunder unless such Substitute Liquidity Facility is accompanied by (i) Opinions of Counsel reasonably satisfactory to the Authority and the Trustee to the effect that (1) the proposed Liquidity Facility Provider is duly organized and existing under the laws of the jurisdiction of its organization and is duly qualified to do business in any state of the United States of America; (2) the Substitute Liquidity Facility is a legal, valid and binding obligation of the Liquidity Facility, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; (3) to the extent required by the Rating Agency, payments made by the proposed Liquidity Facility Provider of amounts drawn under the Substitute Liquidity Facility will not be recoverable from the Bondowners as voidable preferences under Section 547(b) of the United States Bankruptcy Code or any successor provision in the event of the commencement of a proceeding by or against the Institution or by the Authority as debtor under the United States Bankruptcy Code; and (4) the Substitute Liquidity Facility is an exempt security under the Securities Act of 1933, as amended, and accordingly neither the registration of the related Bonds under the Securities Act of 1933, as amended, nor the qualification of an indenture in respect thereof under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of such Substitute Liquidity Facility or the remarketing of the Bonds secured thereby; and (ii) the written consent of the Authority to the selection of the proposed Liquidity Facility Provider.

(f) The Trustee shall not sell, assign or otherwise transfer the Liquidity Facility except to a successor Trustee hereunder and in accordance with the terms of the Liquidity Facility.

(g) Notwithstanding any other provision hereof, any then current Liquidity Facility shall not be released until the Trustee has on deposit in immediately available funds sufficient moneys (from remarketing proceeds or from a drawing for the payment of the Purchase Price under the Liquidity Facility then in effect) to pay in full all Adjustable Rate Bonds Tendered or Deemed Tendered for Purchase on a Purchase Date.

(h) Drafts of all documents to be provided to the Trustee or the Authority on or before the Liquidity Facility Substitution Date pursuant to this Section 2.22 shall be delivered to the Trustee and the Authority at least fourteen (14) days prior to the Liquidity Facility Substitution Date.

(i) In the event of an extension of the stated expiration date or termination date of a Liquidity Facility by the Liquidity Facility Provider, the Institution shall cause a copy of the written extension of such expiration date or termination date issued by the Liquidity Facility Provider to be delivered to the Authority and the Trustee by no later than forty-five (45) days prior to the Liquidity Facility Termination Date.

(j) In no event shall a Liquidity Facility be drawn upon to pay any Bonds except Eligible Bonds secured by such Liquidity Facility.

PARTICULARS FOR ALL BONDS

Section 3.2. MEDIUM OF PAYMENT OF BONDS. The Bonds shall be payable as to principal and Redemption Price, if any, and interest thereon in lawful money of the United States of America. Payment of the interest on the Bonds shall be made to the person appearing on the registration books of the Authority provided for herein as the Bondowner thereof on the Record Date, by wire or by check or draft mailed by the Trustee to the Bondowner at the address of such Bondowner as shown on such registration books of the Authority, kept by the Trustee unless an alternate method of payment is agreed to by the Trustee and the Bondowner, subject to the approval of the Authority, which approval shall not be unreasonably withheld. The

principal or Redemption Price of Bonds shall be paid to the Bondowner upon presentation and surrender of the Bonds at the designated corporate trust office of the Trustee or in the manner provided in any Supplemental Indenture.

Section 3.5. REGISTRATION AND TRANSFER OF BONDS. The Bonds shall be registered as to both principal and interest.

The Authority shall cause to be prepared books for registration of the Bonds, which registration books shall be kept by the Trustee which is hereby designated as the registrar for the purpose of registering the Bonds. The Trustee shall also act as transfer agent for the Bonds.

So long as any of the Bonds shall remain Outstanding, the Trustee shall maintain and keep, at its designated corporate trust office, books for the registration and transfer of such Bonds; and, upon presentation thereof for such purpose at such office, the Trustee shall register or cause to be registered, and permit to be transferred, under such reasonable regulations as the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Trustee shall make all necessary provisions to permit the exchange of such Bonds at its designated corporate trust office.

Each Bond shall be transferable only upon the books of the Authority which shall be kept for that purpose at the designated corporate trust office of the Trustee, at the written request of the Bondowner thereof or such Bondowner's attorney duly authorized in writing, upon surrender thereof at such office, together with a written instrument of transfer satisfactory to the Trustee and such other documents as shall be reasonably required by the Trustee duly executed by the Bondowner or his duly authorized attorney. Upon the transfer of any such Bond or Bonds, the Trustee shall issue in the name of the transferee, in Authorized Denominations, a new Bond or Bonds, of the same aggregate principal amount, maturity and interest rate as the surrendered Bond or Bonds.

The Authority and the Trustee may deem and treat the Bondowner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to any such Bondowner or upon such Bondowner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging or transferring is exercised, the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds (other than Credit Facility Provider Bonds or Liquidity Facility Provider Bonds or Bonds purchased or sold by the Credit Facility Provider or the Liquidity Facility Provider), whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except for Bonds for which a notice of optional or mandatory tender has been given, the Trustee shall not be obliged to make any such exchange or transfer of Bonds, during the period from each Record Date to the following Interest Payment Date or, in the case of a proposed redemption of Bonds if such Bonds are eligible to be selected or have been selected for redemption, during the forty five (45) days next preceding the date fixed for such redemption.

Section 3.6. BONDS MUTILATED, DESTROYED, LOST OR STOLEN. In case any Bond shall become mutilated or be destroyed, lost or stolen, upon request, the Trustee shall authenticate and deliver a new Bond in exchange for the mutilated Bond or in lieu of and substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Authority and to the Trustee such security or indemnity as may be required by them to save each of them harmless from all risks, however remote, and the applicant shall also furnish to the Authority and to the Trustee evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof. The Trustee may authenticate any Bond issued upon such exchange or substitution and deliver the same upon the written request or authorization of an Authorized Officer of the Authority. Upon the issuance of any Bond upon such exchange or substitution, the Authority and the Trustee may require the payment of a sum sufficient to cover any tax, fee or other governmental

charge that may be imposed in relation thereto and any other expenses, including counsel fees and expenses, of the Authority or the Trustee. In case any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Authority may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Authority and the Trustee such security or indemnity as they may require to save them harmless, and evidence to the satisfaction of the Authority and the Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond which is destroyed, lost or stolen shall constitute a contractual obligation of the Authority, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all rights or remedies, notwithstanding any law or statute (to the extent permitted under such law or statute) existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

REDEMPTION OF BONDS

Section 4.3. PAYMENT OF REDEEMED BONDS. Notice having been given in the manner provided in Section 4.2 hereof, and the conditions for such redemption having been met, the Bonds (or portions thereof) so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus accrued interest to the redemption date, and upon presentation and surrender thereof at the office specified in such notice, such Bonds (or portions thereof) shall be paid at the Redemption Price, plus accrued interest to the redemption date; provided, however, that Bonds containing or having endorsed thereon a legend in accordance with Section 2.6(c) of this Indenture need not be presented or surrendered in the manner described in this Section. If, on the redemption date, moneys for the redemption of all Bonds (or portions thereof) to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on such date, and after notice of redemption shall have been given as aforesaid, then, from and after the redemption date, the Bonds (or portions thereof) so called for redemption shall cease to bear interest and such Bonds (or portions thereof) shall no longer be considered as Outstanding hereunder. If such moneys shall not be so available on the redemption date, such Bonds (or portions thereof) shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption, and in the case of optional redemption, the Bonds shall continue to be due on their original maturity dates as if the Bonds had not been called for redemption.

Section 4.4. SELECTION OF BONDS TO BE REDEEMED. (a) A redemption of Bonds shall be a redemption of the whole or of any part of the Bonds from any funds available for that purpose in a principal amount equal to an Authorized Denomination (so long as the principal amount not redeemed is an Authorized Denomination). If less than all Bonds shall be redeemed, the particular Bonds to be redeemed shall be chosen by the Trustee, as hereinafter provided. If less than all the Bonds shall be called for redemption under any provision of this Indenture permitting such partial redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected (i) first, from Bonds for which the Trustee has received, prior to such selection, an Optional Tender Notice requiring the Trustee to purchase such Bonds on the date on which the Bonds being selected are to be redeemed and (ii) second, from all other Bonds then Outstanding, by lot or on a pro rata basis by the Trustee in such manner as the Trustee in its discretion may deem proper; provided, however, that the portion of any Bond to be redeemed shall be in an Authorized Denomination and that, in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such registered Bond by the lowest Authorized Denomination. If it is determined that a portion of any such Bond is to be called for redemption, then upon notice of intention to redeem such portion of Bonds, the Holders of such Bonds shall forthwith surrender such Bonds to the Trustee for (1) payment of the Redemption Price (including the redemption premium, if any, and accrued and unpaid interest to the date fixed for redemption) of such portion of Bonds called for redemption and (2) exchange for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal of such Bonds. If the Holders of any such Bond shall fail to present such Bond to the Trustee, for payment and exchange as aforesaid, such portion of such Bond shall,

nevertheless, become due and payable on the date fixed for redemption to the extent of the principal amount thereof called for redemption (and to that extent only).

(b) Notwithstanding the foregoing provisions, any Credit Facility Provider Bonds or any Liquidity Facility Provider Bonds at the time Outstanding shall be redeemed pursuant to any optional redemption before any other Bonds are so redeemed.

BOND PROCEEDS, FUNDS, ACCOUNTS, REVENUES AND APPLICATION AND DISBURSEMENT THEREOF

Section 5.4. DEPOSIT OF REVENUES AND ALLOCATION THEREOF. The Revenues received pursuant to the Loan Agreement and any other moneys required by any of the provisions of this Indenture to be paid or transferred to the Trustee, shall be promptly paid or transferred to the Trustee.

Notwithstanding any other provisions of this Indenture, moneys received by the Trustee as an optional prepayment pursuant to Section 2.4 of the Loan Agreement shall be transferred to the Redemption Fund if the Bonds are then subject to redemption, or otherwise in the Debt Service Fund for payment of the next due principal of or interest on the Bonds.

The Trustee shall deposit the payments received under the Loan Agreement or other money set forth below in the Debt Service Fund and credit the Accounts set forth below in the order set forth below.

The Institution shall deposit, or cause to be deposited, the following in immediately available funds with the Trustee as the payments become due under the Loan Agreement unless sufficient amounts are then available in such Accounts to make the required payments therefrom:

(a) (i) By 12:00 noon (New York City time) on the Business Day next preceding each Interest Payment Date, into the Debt Service Fund for credit to the Interest Account an aggregate amount of immediately available funds required for the payment of the interest payable on the Outstanding Bonds on such Interest Payment Date.

(ii) After the Fixed Rate Conversion Date, by 12:00 noon (New York City time) on the Business Day next preceding each Interest Payment Date to the Debt Service Fund for credit to the Interest Account the amount required, together with other funds available therefor in the Interest Account, to pay the interest payable on the Outstanding Bonds on such Interest Payment Date.

(b) (i) Prior to the Fixed Rate Conversion Date, into the Debt Service Fund for credit to the Redemption Fund the amount required to pay principal of and premium, if any, and accrued and unpaid interest on any Bonds called for redemption.

(ii) After the Fixed Rate Conversion Date, on the last Business Day prior to the day on which any redemption is to occur, into the Redemption Fund the amount required, with other funds available therefor in said Redemption Fund, to pay the Redemption Price of the Bonds then being redeemed.

Each installment of payments under the Loan Agreement shall be increased as may be necessary to make up any previous deficiency in any of the required payments.

If other monies are received by the Trustee as advance payments of payments under the Loan Agreement to be applied to the redemption of all or a portion of the Bonds, such monies shall be deposited in the Redemption Fund.

Notwithstanding any other provisions of this Indenture, moneys received by the Trustee as an optional prepayment pursuant to Section 2.4 of the Loan Agreement shall be deposited in the Redemption Fund if

the Bonds are then subject to redemption, or otherwise in the Debt Service Fund for payment of the next due principal of or interest on the Bonds.

Subject to the immediately preceding paragraph of this Section, moneys paid or transferred to the Trustee shall on or before the next Business Day after receipt thereof be applied as follows and in the following order of priority:

FIRST: To the Interest Account, the amount equal to (i) with respect to the Bonds bearing interest at a Semiannual Rate, a Term Rate, or a Fixed Rate, one-sixth (1/6) of the interest becoming due on such Outstanding Bonds on the next Interest Payment Date of such Bonds and (ii) with respect to all other Bonds, the interest becoming due on such Outstanding Bonds on the next Interest Payment Date of the Bonds; provided, however, with respect to Bonds secured by a Credit Facility, so long as the Credit Facility Provider has not failed to honor a drawing on, and has not repudiated, the Credit Facility, moneys in the Interest Account shall be applied by the Trustee to reimburse the Credit Facility Provider for paying interest pursuant to a drawing on the Credit Facility under Section 2.21 hereof; provided further that, if the Credit Facility Provider has failed to honor a drawing for payment of interest on any Interest Payment Date or has repudiated the Credit Facility, such moneys in the Interest Account shall be used to pay the interest due on the Bonds on such Interest Payment Date;

SECOND: To the Principal Account, the amount equal to one-twelfth (1/12) of the principal amount becoming due on the Bonds on the next succeeding principal payment date, after taking into account any amounts on deposit therein available for the payment thereof; provided, however, with respect to Bonds secured by a Credit Facility, so long as the Credit Facility Provider has not failed to honor a drawing on, and has not repudiated, the Credit Facility, moneys in the Principal Account shall be applied by the Trustee to reimburse the Credit Facility Provider for paying Sinking Fund Installments pursuant to a drawing on the Credit Facility under Section 2.21 hereof; provided further that, if the Credit Facility Provider has failed to honor a drawing for payment of principal on any principal payment date or has repudiated the Credit Facility, such moneys in the Principal Account shall be used to pay the principal amount due on such principal payment date;

THIRD: To the Sinking Fund Account, the amount equal to one-twelfth (1/12) of the next succeeding Sinking Fund Installment applicable to the Bonds, after taking into account any amounts on deposit therein available for the payment thereof; provided, however, with respect to Bonds secured by a Credit Facility, so long as the Credit Facility Provider has not failed to honor a drawing on, and has not repudiated, the Credit Facility, moneys in the Sinking Fund Account shall be applied by the Trustee to reimburse the Credit Facility Provider for paying Sinking Fund Installments pursuant to a drawing on the Credit Facility under Section 2.21 hereof; provided further that, if the Credit Facility Provider has failed to honor a drawing for payment of a Sinking Fund Installment on any Sinking Fund Installment date or has repudiated the Credit Facility, such moneys in the Sinking Fund Account shall be used to pay the Sinking Fund Installment due on the Bonds on such date

FOURTH: To the Purchase Fund, the amount, if any, necessary to make the amount on deposit therein equal to the Purchase Price of any Bonds Tendered or Deemed Tendered for Purchase;

FIFTH: To the Rebate Fund to the extent required, amounts necessary in any year so as to meet the Rebate Requirement of the Rebate Fund, as directed in writing by the Authority to the Trustee; and

SIXTH: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditure of the Authority for insurance, fees and expenses of auditing, and fees and expenses of the Trustee, all as required by this Indenture and not otherwise paid or caused to be paid or provided for by the Institution; (ii) all other expenditures reasonably and

necessarily incurred by the Authority in connection with the loan to the Institution and the issuance of the Bonds, including penalties for late payments and all expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof; (iii) the Annual Administrative Fee; and (iv) any other amounts due and payable by the Institution to the Authority pursuant to the Loan Agreement - but only upon receipt by the Trustee from the Authority of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph SIXTH.

After making the payments required by paragraphs FIRST, SECOND, THIRD, FOURTH, FIFTH and SIXTH above, any balance remaining shall be paid, as the Authority may direct, to the Debt Service Fund and credited against the next due payment of debt service from the Institution (provided the amount in the Debt Service Fund may not exceed the amount of debt service due on the Bonds during the next twelve months) or to the Redemption Fund and applied by the Trustee to the purchase or redemption of Bonds.

In lieu of redeeming Bonds through Sinking Fund Installments as provided in clause THIRD of the second paragraph of this Section 5.4 and Section 2.5(b) hereof, the Authority may elect to do either of the following:

(A) The Authority may direct the Trustee in writing or by Electronic Means to apply moneys from time to time on deposit in the Sinking Fund Account to the purchase of an equal principal amount of Bonds (of the maturity and in amounts then subject to redemption through Sinking Fund Installments) at prices not higher than the principal amount to be redeemed plus accrued interest, provided that firm commitments to sell Bonds are received at least five (5) Business Days before the notice of redemption would otherwise be required to be given; provided further, that in the event of purchases at purchase prices less than the principal amount to be redeemed plus accrued interest, the difference between the amount in the Sinking Fund Account representing the principal amount of the Bonds purchased and the purchase price (exclusive of accrued interest) shall be deposited in the Debt Service Fund for application pursuant to the paragraphs SECOND or THIRD above as directed by the Authority; provided further, that prior to any such purchase, the Authority shall give written directions to the Trustee to purchase such Bonds; or

(B) The Authority (upon request therefor from the Institution or as the Authority shall so determine) may deliver to the Trustee for cancellation Bonds of the maturity then subject to redemption by Sinking Fund Installments at least five (5) Business Days before the notice of redemption would otherwise be required to be given, in which event to the extent of the principal amount of Bonds so surrendered (i) no deposit from the Authority into the Sinking Fund Account need be made and (ii) no such redemption from Sinking Fund Installments shall occur.

So long as beneficial ownership interests in the Bonds are held through the book-entry-system, any purchase or delivery of such Bonds as set forth in such clauses (A) and (B) above shall be deemed to have occurred upon the purchase or delivery of beneficial ownership interests in such Bonds made pursuant to the provisions hereof.

Section 5.5. APPLICATION OF MONEYS IN THE DEBT SERVICE FUND. The Trustee shall transfer moneys out of the Interest Account on each Interest Payment Date for the payment of interest then due on the Bonds or, in the case of Bonds secured by a Credit Facility, on each Interest Payment Date after any interest on the Bonds has been paid pursuant to a drawing upon the Credit Facility, the Trustee shall transfer moneys out of the Interest Account to reimburse the Credit Facility Provider as provided below in this Section 5.5. The Trustee shall pay out of such Interest Account any amounts required for the payment of accrued interest upon any redemption or purchase of the Bonds or, in the case of Bonds secured by a Credit Facility, to reimburse the Credit Facility Provider for any such payments made with draws on the Credit Facility.

The Trustee shall transfer moneys out of the Principal Account or the Sinking Fund Account on each principal maturity date or Sinking Fund Installment date for the payment of the principal amount of the Bonds

or Sinking Fund Installment then due or, in the case of Bonds secured by a Credit Facility, on each principal payment date for the Bonds after any principal on the Bonds has been paid pursuant to a drawing upon the Credit Facility, the Trustee shall transfer moneys out of the Principal Account or the Sinking Fund Account, as the case may be, to reimburse the Credit Facility Provider as provided below in this Section 5.5. The Trustee shall pay out of the Sinking Fund Account any amounts directed by the Authority for the purchase of Bonds pursuant to Section 5.4 hereof.

The Trustee shall transfer moneys out of the Purchase Fund on each date that the Purchase Price of Bonds Tendered or Deemed Tendered for Purchase pursuant to Sections 2.14 or 2.15 hereof becomes due.

The Trustee shall make payments to the Credit Facility Provider pursuant to this Section in respect of reimbursement for drawings on the Credit Facility as described above by not later than 3:30 p.m. (New York City time) on each Interest Payment Date, redemption date, maturity date or Sinking Fund Installment date, as the case may be, with respect to the Bonds secured by a Credit Facility.

Section 5.6. APPLICATION OF MONEYS IN THE REDEMPTION FUND. (a) Moneys in the Redemption Fund derived from optional prepayment of the loan pursuant to Section 2.4 of the Loan Agreement shall, at the written direction of the Authority, at the direction of the Institution, be applied to payment of the Redemption Price of Bonds, plus accrued interest, if any, thereon to the date set for redemption, in accordance with Section 2.13 hereof.

(b) Subject to the provisions of paragraph (a) hereof, moneys in the Redemption Fund may be applied to the purchase of Bonds at purchase prices not exceeding the Redemption Price applicable to the Bonds to be purchased plus accrued interest due, in such manner as the Authority may direct. Bonds so purchased shall be cancelled by the Trustee. Moneys in the Redemption Fund may be applied to the purchase of Bonds in lieu of redemption in accordance with Section 2.5(a) hereof. Any excess moneys on deposit in the Redemption Fund and not needed to pay the Redemption Price of Bonds called for redemption shall be paid to the Institution or deposited to the Principal Account of the Debt Service Fund, the Interest Account of the Debt Service Fund, or the Sinking Fund Account of the Debt Service Fund, or applied to the optional redemption of Bonds in accordance with Section 2.5 hereof, as the Authority shall direct in writing.

Section 5.9. APPLICATION OF MONEYS IN CERTAIN FUNDS FOR RETIREMENT OF BONDS. Notwithstanding any other provisions of this Indenture and any Supplemental Indenture, if at any time the amounts held in the Debt Service Fund and the Redemption Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accruing on such Bonds to the next date when all such Bonds are redeemable, the Trustee shall so notify the Authority and the Institution. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture and any Supplemental Indenture, and in such event all provisions of Section 12.1 hereof shall be operative.

Section 5.10. PURCHASE FUND. Moneys on deposit in the Remarketing Proceeds Account of the Purchase Fund shall be applied on each Optional Tender Date and Mandatory Tender Date to the purchase of Adjustable Rate Bonds and to the Institution's reimbursement obligations to the Credit Facility Provider or the Liquidity Facility Provider for drawings honored by the Credit Facility Provider or the Liquidity Facility Provider to pay the Purchase Price of Bonds purchased pursuant to Article II hereof. Moneys on deposit in the Credit/Liquidity Facility Account of the Purchase Fund shall be applied on each Optional Tender Date and Mandatory Tender Date to the purchase of Adjustable Rate Bonds secured thereby. Moneys on deposit in the Institution Funds Account of the Purchase Fund shall be applied on each Optional Tender Date and Mandatory Tender Date to the purchase of Adjustable Rate Bonds or to reimburse the Credit Facility Provider or the Liquidity Facility Provider for amounts drawn under the Credit Facility or the Liquidity Facility to pay the Purchase Price of Bonds on each Optional Tender Date and Mandatory Tender Date. All moneys on deposit in the Purchase Fund shall be held uninvested in an Eligible Account. "Eligible Account" shall mean an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor's short-term debt rating of at least "A-2" (or, if no short-term debt rating, a long-term debt rating of "BBB+"); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations

regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity. Neither the Authority nor the Institution shall have any right, title or interest in or to any moneys held in the Purchase Fund. In the event that an account required to be an Eligible Account no longer complies with the requirement, the Trustee should promptly (and in any case, within not more than thirty (30) calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied.

The Trustee shall deposit all moneys delivered to it hereunder by the Remarketing Agent for the purchase of Bonds into the Remarketing Proceeds Account and shall hold all such moneys in trust for the exclusive benefit of the Person that shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to it for the account of such Person and, thereafter, for the benefit of the Holders tendering such Bonds. Any remarketing proceeds received on a Purchase Date after the time of drawing on a Credit Facility or a Liquidity Facility shall be applied to reimburse the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) for such drawing. Proceeds of a remarketing of any Credit Facility Provider Bonds or Liquidity Facility Provider Bonds shall be applied to pay the Purchase Price of such Credit Facility Provider Bonds or Liquidity Facility Bonds.

The Trustee shall deposit all moneys delivered to it hereunder from a payment by or on behalf of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) for the purchase of Bonds into the Credit/Liquidity Facility Account and shall hold all such moneys in trust for the exclusive benefit of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) until the Bonds purchased with such moneys shall have been delivered to or for the account of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) and, after such delivery, the Trustee shall hold such funds exclusively for the benefit of the Holders tendering such Bonds.

The Trustee shall deposit all moneys delivered to it hereunder from a payment by or on behalf of the Institution for the purchase of Bonds into the Institution Funds Account and shall hold all such moneys in trust for the exclusive benefit of the Institution until the Bonds purchased with such moneys shall have been delivered to or for the account of the Institution and, after such delivery, the Trustee shall hold such funds exclusively for the benefit of the Holders tendering such Bonds.

Moneys in the Credit/Liquidity Facility Account, the Remarketing Proceeds Account and the Institution Funds Account shall not be commingled with other funds held by the Trustee and shall remain uninvested in an Eligible Account and without liability for interest on the part of the Trustee.

At or before 3:00 p.m. (New York City time) on each Purchase Date and upon receipt by the Trustee of the aggregate Purchase Price of the tendered Bonds, the Trustee shall pay the Purchase Price of such Bonds to the Holders by bank wire transfer in immediately available funds. The Trustee shall pay the Purchase Price from the following accounts and in the following order of priority: (1) the Remarketing Proceeds Account to the extent funds are available therein, (2) in the case of Eligible Bonds, the Credit/Liquidity Facility Account and (3) the Institution Funds Account.

The Trustee may assume that a Bond is an Eligible Bond unless it has actual knowledge to the contrary. If at the close of business New York City time on any Purchase Date any balance remains in the Credit/Liquidity Facility Account in excess of any unsatisfied purchase obligation, such excess shall be promptly returned to the Credit Facility Provider or the Liquidity Facility Provider, as applicable. If at the close of business New York City time on any Purchase Date any balance remains in the Institution Funds Account in excess of any unsatisfied purchase obligation, such excess shall be promptly returned to the Institution.

If the funds available for purchases of Eligible Bonds pursuant to this Article V are inadequate for the purchase of all Bonds tendered on any Purchase Date no purchase shall be consummated and the Trustee shall, after any applicable grace period, (1) return all tendered Bonds to the Holders thereof, (2) return all moneys deposited in the Remarketing Proceeds Account to the Remarketing Agent for return to the Persons providing such moneys, (3) return all moneys deposited in the Credit/Liquidity Facility Account to the Credit Facility Provider or the Liquidity Facility Provider, as applicable, and (4) return all moneys deposited in the Institution Funds Account to the Institution.

All Bonds to be purchased on any date shall be required to be delivered to the designated corporate office of the Trustee at or before 10:00 a.m.(New York City time) (12:00 noon (New York City time) with respect to Bonds in the Daily Rate, the Weekly Rate or the VRO Rate) on such Purchase Date. If the Holder of any Bond (or portion thereof) that is subject to purchase pursuant to Article II hereof fails to deliver such Bond to the Trustee for purchase on the Purchase Date, and if the Trustee is in receipt of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such Bond (or portion thereof) shall be transferred to the purchaser thereof as provided below. Any Holder who fails to deliver such Bond for purchase shall have no further rights thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Bond to the Trustee. The Trustee shall, as to any tendered Bonds that have not been delivered to it: (1) promptly notify the Remarketing Agent of such nondelivery; and (2) place a stop transfer against an appropriate amount of Bonds registered in the name of such Holder(s) on the bond registration books.

On the Purchase Date, the Trustee shall execute and deliver all Bonds purchased on any Purchase Date as follows: (1) Bonds purchased and remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by 2:30 p.m. (New York City time) in accordance with the instructions of the Remarketing Agent; (2) Bonds purchased with amounts paid by or on behalf of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) shall be registered and made available in the name of or as directed in writing by the Credit Facility Provider or the Liquidity Facility Provider, as applicable, and shall become Credit Facility Provider Bonds or Liquidity Facility Provider Bonds, as applicable, and (3) Bonds purchased with amounts paid by or on behalf of the Institution shall be registered and made available in the name of or as directed in writing by the Institution and shall become Institution Bonds.

PARTICULAR COVENANTS

Section 6.1. PAYMENT OF PRINCIPAL AND INTEREST. The Authority shall pay or cause to be paid the principal or Redemption Price of and interest on every Bond on the date and at the places and in the manner mentioned in such Bonds according to the true intent and meaning thereof solely from the sources provided herein, and to the extent moneys are available from Revenues.

Section 6.2. REVENUES. The Authority covenants that the Loan Agreement shall provide that the Institution shall pay amounts sufficient to provide Revenues sufficient at all times: (i) to pay the principal of and interest on the Bonds as the same respectively become due and payable by redemption or otherwise; and (ii) to pay the expenditures of the Authority and the Trustee incurred in relation to this Indenture.

Section 6.3. ACCOUNTS. The Authority shall keep proper books of records and accounts in which complete and correct entries shall be made of its transactions relating to the Institution's facilities and this Indenture, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the Trustee, the Credit Facility Provider, the Institution or of any owner of a Bond or of the owner's representative duly authorized in writing.

Section 6.4. INDEBTEDNESS AND LIENS. The Authority, so long as any Bonds shall be Outstanding, shall not issue any bonds, notes or other evidence of indebtedness, other than Bonds issued in accordance with the provisions of Article III hereof, secured on a parity with the Bonds by any pledge of or other lien or charge on the Revenues or other moneys, securities or funds paid or to be paid to or held or set aside or to be held or set aside by the Authority or the Trustee under this Indenture and any Supplemental Indenture. The Authority shall not create or cause to be created any lien or charge on the Revenues or such moneys or securities or funds, other than the lien and pledge on the Revenues or such moneys, securities or funds created or permitted by this Indenture and any Supplemental Indenture. Notwithstanding the foregoing and subject to compliance by the Institution with the provisions of the Master Indenture relating to the incurrence of Indebtedness, the Authority may issue other bonds, notes and other evidences of indebtedness on behalf of the Institution pursuant to one or more trust indentures, other than this Indenture, which are on a parity with or subordinate to the Bonds and any other indebtedness of the Authority issued on behalf of the Institution on a parity or subordinate basis therewith.

Section 6.5. THE LOAN AGREEMENT; AMENDMENT AND EXECUTION. The Loan Agreement and any supplements or modifications thereto shall be executed in at least three counterparts. An

executed counterpart shall be filed in the office of the Authority and in the office of the Trustee, and an executed counterpart delivered to the Institution. The Loan Agreement may be amended or supplemented, with the prior written consent of the Credit Facility Provider, but without Bondowner consent, provided such amendment or supplement does not cause the Authority to violate any of its covenants and agreements under this Indenture. The Authority agrees not to enter into any amendment or supplement to the Loan Agreement, which amendment or supplement would materially prejudice the rights and interests of the Owners of the Bonds, without the consent of the Owners, obtained as provided in Section 11.2 hereof, of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby; provided, however, that no such amendment or supplement which would change the amount or time as to which loan payments are required to be paid under the Loan Agreement shall be entered into without the consent of the Owners of all of the then Outstanding Bonds who would be affected by such amendment. Notwithstanding the foregoing, the Authority reserves the right to waive any provision of the Loan Agreement provided such waiver does not cause the Authority to violate any of its covenants or agreements under this Indenture, and subject to the provisions of Section 10.8 of the Loan Agreement. The Authority covenants not to enter into any amendment or modification of the Loan Agreement without filing an executed copy thereof with the Trustee. The Authority covenants for the benefit of the Bondowners not to void the Loan Agreement or any other Institution Document pursuant to the provisions of Connecticut Public Act No. 07-1.

Section 6.6. TAX COVENANTS. (a) The Authority covenants to comply with the Tax Regulatory Agreement.

(b) The Authority covenants that it shall not knowingly make nor direct the Trustee to make any investment or other use of the proceeds of the Bonds issued hereunder that would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code. The Trustee covenants that in those instances after the occurrence of an Event of Default where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with the foregoing covenants.

(c) The Authority covenants that it (i) will take, or use its best efforts to require to be taken, all actions that may be required of the Authority for the interest on the Bonds to be and remain not included in gross income for federal income tax purposes and (ii) will not take or authorize to be taken any actions within its control that would adversely affect such status under the provisions of the Code.

CONCERNING THE TRUSTEE AND THE REMARKETING AGENT

Section 7.2. OBLIGATION OF TRUSTEE. Except as set forth in Section 7.6 hereof, the Trustee shall be under no obligation to institute any suit, or to take any action or proceeding under this Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, including, without limitation, pursuant to the direction of, or on behalf of, any of the Bondowners or the Credit Facility Provider, until it shall be paid or reimbursed or indemnified to its satisfaction against any and all reasonable costs and expenses, outlays, liabilities, damages and counsel fees and expenses and other reasonable disbursements. The Trustee may nevertheless begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, and in such case the Authority shall reimburse the Trustee but only from the Revenues for all costs and expenses, outlays, liabilities, damages and counsel fees and expenses and other reasonable disbursements properly incurred in connection therewith. If the Authority shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture (other than money on deposit in the Rebate Fund or in the Purchase Fund, any moneys received pursuant to a drawing upon the Credit Facility, any moneys held for the payment of the Purchase Price of Bonds Tendered or Deemed Tendered for Purchase, or any money on deposit in any irrevocable trust or escrow fund established with respect to any defeased Bonds) upon notice to the Institution and the Authority of its intention to reimburse itself and the Trustee shall be entitled to a preference therefor over any of the Bonds Outstanding hereunder. Notwithstanding anything herein to the contrary, the Trustee shall not seek or require indemnification as a condition to draw on the Credit Facility.

Section 7.8. RESIGNATION OF TRUSTEE. The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days' written notice to the Authority, the Institution, the Credit Facility Provider, the Liquidity Facility Provider, and the

Bondowners, specifying the date when such resignation shall take effect, provided such resignation shall not take effect until a successor shall have been appointed by the Authority or a court of competent jurisdiction as provided in Section 7.10 and shall have accepted such appointment. In the event a Credit Facility or a Liquidity Facility is then in effect, in no case shall such resignation be effective until such Credit Facility or such Liquidity Facility is transferred to the successor trustee.

Section 7.9. REMOVAL OF TRUSTEE. The Trustee, or any successor thereof, may be removed with or without cause at any time by the Authority, if no Event of Default under this Indenture shall have occurred and be continuing, or upon and during the continuation of an Event of Default under this Indenture by the owners of a majority in principal amount of Outstanding Bonds, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to the Authority, provided that such removal shall not take effect until a successor is appointed. Such removal shall take effect on the date a successor shall have been appointed by the Authority or a court of competent jurisdiction as provided in Section 7.10 and shall have accepted such appointment. In the event a Credit Facility or a Liquidity Facility is then in effect, in no case shall such removal be effective until such Credit Facility or such Liquidity Facility is transferred to the successor trustee. Copies of each instrument providing for any such removal shall be delivered by the Authority to the Institution, the Credit Facility Provider, the Liquidity Facility Provider, and the Trustee and any successor thereof.

Section 7.10. SUCCESSOR TRUSTEE. In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge of control of the Trustee, or of its property or affairs, the Authority, with the prior written consent of the Credit Facility Provider, shall forthwith appoint a Trustee to act. Notice of any such appointment shall be delivered by the Authority to the Trustee so appointed, the predecessor Trustee, the Credit Facility Provider, the Liquidity Facility Provider, and the Institution. The Authority shall give or cause to be given written notice of any such appointment to the Bondowners.

If in a proper case no appointment of a successor shall be made within forty five (45) days after the giving of written notice in accordance with Section 7.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondowner may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor.

Any successor appointed under the provisions of this Section shall be a bank or trust company or national banking association, in each case with corporate trust powers, which is able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by this Indenture, which is approved by the Authority (unless an event of default under Section 8.1 exists, in which case a successor shall be appointed by the owners of a majority in principal amount of Outstanding Bonds or by a court pursuant to the above paragraph) and which has a combined capital and surplus aggregating at least $50,000,000 (or such other financial resources acceptable to the Authority in its sole discretion), if there be such a bank or trust company or national banking association willing to serve as Trustee hereunder.

Section 7.17. REMARKETING AGENT. The initial Remarketing Agent for the Adjustable Rate Bonds shall be Morgan Stanley & Co. LLC, and the Institution may appoint subsequent or additional Remarketing Agents, with the consent of the Authority, and subject to the conditions set forth in Section 7.18 hereof. The Remarketing Agent shall designate its principal office to the Institution, the Trustee, the Credit Facility Provider and the Liquidity Facility Provider, and signify its acceptance of the duties and obligations imposed upon it hereunder by executing a Remarketing Agreement, which shall be consented to by the Authority, pursuant to which the Remarketing Agent agrees, particularly:

(a) to hold any Adjustable Rate Bonds delivered to it for the benefit of the respective Bondowners which shall have so delivered such Adjustable Rate Bonds until moneys representing the Purchase Price of such Adjustable Rate Bonds shall have been delivered to the Trustee for deposit in the Purchase Fund;

(b) to deliver to the Trustee all moneys received by it hereunder in connection with the remarketing of the Adjustable Rate Bonds;

(c) to keep such books and records as shall be consistent with prudent industry practice; and

(d) to comply with the provisions of this Indenture with respect to the duties and obligations of the Remarketing Agent.

The Remarketing Agreement shall not be amended or modified without the prior written consent of the Authority.

Section 7.18. QUALIFICATIONS OF REMARKETING AGENT; RESIGNATION; REMOVAL. The Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc., authorized by law to perform all the duties imposed upon it by this Indenture and acceptable to the Authority and the Credit Facility Provider. Except as specifically provided in the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' prior notice to the Credit Facility Provider, the Liquidity Facility Provider, the Institution, the Authority, and the Trustee; provided, however, that the Remarketing Agent may resign on not less than thirty (30) days' notice, provided that the Institution has appointed a successor Remarketing Agent satisfactory to the Authority and the Credit Facility Provider, which meets all of the requirements of this Indenture, and the successor Remarketing Agent has accepted such appointment. The terms of any Remarketing Agreement shall also be subject to the approval of the Authority.

The Remarketing Agent may be removed at any time upon thirty (30) days prior written notice by an instrument signed by the Authority and the Institution and filed with the Remarketing Agent, the Credit Facility Provider, the Liquidity Facility Provider, and the Trustee, subject to the terms and conditions of the Remarketing Agreement; provided, however, that the removal of the Remarketing Agent shall not be effective until the Institution has appointed a successor Remarketing Agent satisfactory to the Authority and the Credit Facility Provider, which meets all of the requirements of this Indenture, and the successor Remarketing Agent has accepted such appointment. The terms of any Remarketing Agreement shall also be subject to the approval of the Authority.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys, and Adjustable Rate Bonds held by it in such capacity to its successor or, if there shall be no successor, to the Trustee.

In the event that the Authority or the Institution fail to appoint a Remarketing Agent hereunder, or in the event that the Remarketing Agent resigns or is removed, or is dissolved, or if the property or affairs of the Remarketing Agent are taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Authority shall not have appointed its successor as Remarketing Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section 7.18, shall ipso facto be deemed to be the Remarketing Agent for all purposes of this Indenture until the appointment by the Authority of the Remarketing Agent or successor Remarketing Agent, as the case may be; provided, however, that the Trustee, in its capacity as Remarketing Agent, shall not be required to solicit purchasers of, or to remarket, Bonds or determine the interest rate on the Adjustable Rate Bonds pursuant to Section 2.3 and 2.8 hereof and the Trustee shall have the right to appoint a successor Remarketing Agent meeting the qualifications set forth in the first paragraph of this Section.

Section 7.19. COMPLIANCE WITH CGS SECTIONS 4a-60 AND 4a-60a.

(a) CGS Section 4a-60. In accordance with Connecticut General Statutes Section 4a-60(a), as amended, and to the extent required by Connecticut law, the Trustee agrees and warrants as follows: (1) in the performance of this Indenture it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, including, but not limited to,

blindness, unless it is shown by the Trustee that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut and further to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Trustee that such disability prevents performance of the work involved; (2) in all solicitations or advertisements for employees placed by or on behalf of the Trustee, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission on Human Rights and Opportunities (the "CHRO"); (3) to provide each labor union or representative of workers with which the Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Trustee's commitments under Connecticut General Statutes Section 4a-60, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) to comply with each provision of Connecticut General Statutes Sections 4a-60, 46a-68e and 46a-68f and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Sections 46a-56, 46a-68e and 46a-68f; (5) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Trustee as relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (6) to include provisions (1) through (5) of this Section in every subcontract or purchase order entered into by the Trustee in order to fulfill any obligation of this Indenture, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or order of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60.

(b) CGS Section 4a-60a. In accordance with Connecticut General Statutes Section 4a-60a(a), as amended, and to the extent required by Connecticut law, the Trustee agrees and warrants as follows: (1) that in the performance of this Indenture, the Trustee will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) to provide each labor union or representative of workers with which the Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Trustee's commitments under Connecticut General Statutes Section 4a-60a, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) to comply with each provision of Connecticut General Statutes Section 4a-60a and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Section 46a-56; (4) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Trustee which relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (5) to include provisions (1) through (4) of this Section in every subcontract or purchase order entered into by the Trustee in order to fulfill any obligation of this Indenture, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60a.

(c) Required Submissions. The Trustee agrees and warrants that (1) it has delivered to the Authority an affidavit signed under penalty of false statement by a chief executive officer, president, chairperson, member, or other corporate officer duly authorized to adopt corporate or company policy in the form attached as Attachment C to this Indenture; (2) if there is a change in the information contained in the most recently filed affidavit, the Trustee will submit an updated affidavit not later than the earlier of the execution of a new contract with the State or a political subdivision of the State or thirty days after the effective date of such change; and (3) the Trustee will deliver an affidavit to the Authority annually, not later than fourteen days after the twelve-month anniversary of the most recently filed affidavit, stating that the affidavit on file with the Authority is current and accurate.

Section 7.20. COMPLIANCE WITH CGS SECTION 9-612(G)(2). For all State contracts as defined in P.A. 07-1 having a value in a calendar year of $50,000 or more or a combination or series of such

agreements or contracts having a value of $100,000 or more, the Trustee's authorized signatory to this Indenture expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See Exhibit B to this Indenture - Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations.

EVENTS OF DEFAULT

Section 8.1. EVENTS OF DEFAULT. Each of the following events is hereby declared an "Event of Default" hereunder (herein called an "Event of Default"):

(a) Payment of the principal or Redemption Price of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of an installment of interest on any Bonds shall not be made when the same shall become due and payable; or

(c) Payment on the Purchase Price of any Adjustable Rate Bonds Tendered or Deemed Tendered for Purchase on any Purchase Date shall not be made when the same shall become due and payable; or

(d) Any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues; or

(e) 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 this Indenture on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty five percent (25%) in principal amount of the Outstanding Bonds; or

(f) An Event of Default shall have occurred under the Loan Agreement, under the Master Indenture, or under any other Institution Document (other than the Continuing Disclosure Agreement); or

(g) The Trustee has received a written notice from the Credit Facility Provider or the Liquidity Facility Provider, as applicable, that an Event of Default, as described in the Credit Facility Agreement or the Liquidity Facility Agreement, as applicable, has occurred and with respect to which the Credit Facility Provider or the Liquidity Facility Provider, as applicable, has directed the Trustee to cause an acceleration of the Bonds secured by the Credit Facility or the Liquidity Facility issued by such Credit Facility Provider or Liquidity Facility Provider; or

(h) The interest component of the Credit Facility or the Liquidity Facility has not been reinstated in full within the time period provided therein and in accordance with the terms thereof.

Section 8.2. ACCELERATION OF MATURITY. Upon the happening of any Event of Default specified in Section 8.1, the Trustee may, subject to the prior written consent of the Credit Facility Provider with respect to the acceleration of any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider, and shall, upon the written request of the owners of not less than a majority in principal amount of the Outstanding Bonds, subject to the prior written consent of the Credit Facility Provider with respect to the acceleration of any Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Trustee shall, upon the written request of the Credit Facility Provider with respect to the acceleration of any Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, declare an acceleration of the payment of principal on the Bonds. Such declaration shall be by a notice in writing to the Authority, to the Credit Facility Provider and to the Institution, declaring the principal of all of the Outstanding Bonds to be due and payable immediately. Upon the

occurrence of an Event of Default specified in Section 8.1(g) or (h), the Trustee shall promptly declare an acceleration of Outstanding Bonds and draw upon the Credit Facility to provide for the full payment thereof. All such declarations shall be by a notice in writing to the Authority, the Credit Facility Provider, and the Institution, declaring the principal of all of the Outstanding Bonds to be due and payable immediately. Upon the giving of notice of such declaration of acceleration such principal shall become and be immediately due and payable, and if a Credit Facility is in effect, the Credit Facility shall be drawn upon on the acceleration date to the extent permitted thereunder to pay immediately and in full all principal and accrued interest thereon, and if principal of the Bonds is so paid in full upon acceleration, all interest on the Bonds (other than interest on Credit Facility Provider Bonds or any other Bonds that are not secured by a Credit Facility) shall cease to accrue, anything in the Bonds or in this Indenture to the contrary notwithstanding. Interest on Bonds (other than Credit Facility Provider Bonds) secured by a Credit Facility shall cease to accrue on the date of declaration of acceleration. Interest on all Credit Facility Provider Bonds and interest on any other Bonds that are not secured by a Credit Facility shall accrue until the principal of such Bonds shall be paid in full. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee shall, upon the written direction of the Credit Facility Provider with respect to any Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, but subject to the last sentence of this paragraph, may, with the written consent of the owners of not less than a majority in principal amount of the Bonds not then scheduled to be due by their terms and then Outstanding (which consent shall not be required if the Credit Facility Provider has consented thereto) and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of principal and interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date and the principal of such Bonds then due only because of a declaration under this Section); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee or waived pursuant to Section 8.10. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon. No such annulment shall be effective unless the Credit Facility Provider shall have rescinded in writing any notice of event of default under the Credit Facility Agreement and the interest component of the Credit Facility shall have been reinstated in full as evidenced by a certificate of the Credit Facility Provider.

Section 8.3. ENFORCEMENT OF REMEDIES. Upon the happening and continuance of any Event of Default specified in Section 8.1, then and in every such case, the Trustee may proceed, and upon the written request of the Credit Facility Provider or the Owners of not less than a majority in principal amount of the Outstanding Bonds shall proceed (subject to the provisions of Sections 7.2 and 8.6), in each case only with the consent of the Credit Facility Provider with respect to the enforcement of remedies with respect to any Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, to protect and enforce its rights and the rights of the owners of the Bonds under the laws of the State of Connecticut or under this Indenture, the Bonds, the Loan Agreement, the Note or the Master Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained hereunder or in aid or execution of any power herein granted, or for the enforcement of the Loan Agreement or the Note, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In addition, the Credit Facility Provider, while not in payment default under the Credit Facility, acting alone, shall have the right (subject to the provisions of Sections 7.2 and 7.3 hereof) to direct all remedies with respect to Bonds enhanced by a Credit Facility issued by such Credit Facility Provider upon the happening and continuance of an Event of Default specified in Section 8.1 hereof.

In the enforcement of any remedy under this Indenture, the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority for principal or interest (or unpaid Credit Facility Provider Payment Obligations

relating to draws on the Credit Facility to pay principal, Purchase Price or interest) or otherwise under any of the provisions of this Indenture or of the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Owners of such Bonds, and to recover and enforce any judgment or decree against the Authority but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, cost and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 8.4. PRIORITY OF PAYMENTS AFTER DEFAULT. If at any time the moneys held by the Trustee under this Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of Section 8.2), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in this Article or otherwise, shall be applied (after payment of all amounts owing to the Trustee from moneys under this Indenture other than from moneys in the Rebate Fund or in the Purchase Fund, any monies received pursuant to a drawing upon the Credit Facility, any monies held for the payment of the Purchase Price of Bonds Tendered as Deemed Tendered for Purchase, or any irrevocable trust or escrow established with respect to any defeased Bonds) as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest (including for this purpose the interest component of Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) on any of the Bonds then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal (including for this purpose the principal component of Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) of any of the Bonds which shall have become due (other than Bonds called for redemption or contracted to be purchased for the payment of which moneys are held pursuant to the provisions of this Indenture) with interest upon such Bonds from the respective dates upon which they shall have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular due date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference;

THIRD: To the payment of the interest (including for this purpose the interest component of Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) on and the principal (including for this purpose the principal component of Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) of the Bonds as the same become due and payable; and

FOURTH: To any other Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations then due and owing.

(b) If the principal of all the Bonds shall have become due and payable, either by their terms or by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest (including for this purpose the principal and interest components of the Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondowner, to the Credit Facility Provider, to the Liquidity Facility Provider, or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the owner of any unpaid interest or any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

Section 8.5. EFFECT OF DISCONTINUANCE OF PROCEEDINGS. In case any proceedings taken by the Trustee on account of any default in respect of Bonds shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 8.6. CONTROL OF PROCEEDINGS. Anything in this Indenture to the contrary notwithstanding, the Credit Facility Provider (with respect only to any Bonds enhanced by a Credit Facility issued by such Credit Facility Provider) if the Credit Facility Provider is not in payment default under such Credit Facility, or, if the Credit Facility Provider (with respect only to any Bonds enhanced by a Credit Facility issued by such Credit Facility Provider) is in payment default under the Credit Facility, the owners of a majority in principal amount of the Outstanding Bonds shall have the right, subject to the provisions of Section 7.2, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Indenture, provided such direction shall not be otherwise than in accordance with law and the provisions of this Indenture.

Section 8.7. RESTRICTIONS UPON ACTION BY INDIVIDUAL BONDOWNERS. No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder (without the consent of the Credit Facility Provider with respect only to any Bonds enhanced by a Credit Facility issued by such Credit Facility Provider if the Credit Facility Provider is not in payment default under such Credit Facility) and unless such Owner previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the owners of not less than a majority in principal amount of all Outstanding Bonds shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by this Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee security and indemnity as required by Section 7.2 hereof against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no one or more Owners of the Bonds secured by this Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture 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 benefit of all Owners of the Outstanding Bonds. Nothing in this Section 8.7 however shall limit or restrict the rights of the Credit Facility Provider or the Liquidity Facility Provider to exercise remedies or to bring suit or to otherwise exercise rights under any of the Credit Facility Documents or Liquidity Facility Provider Documents.

Section 8.8. ACTIONS BY TRUSTEE. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee may be enforced by it without the possession of any of such Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Owners of the Bonds, subject to the provisions of this Indenture.

Section 8.9. REMEDIES NOT EXCLUSIVE. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds, the Credit Facility Provider or the Liquidity Facility Provider is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 8.10. WAIVER AND NON WAIVER. No delay or omission of the Trustee or of any Owner of the Bonds, the Credit Facility Provider or the Liquidity Facility Provider to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by this Article to the Trustee, the Owners of the Bonds, the Credit Facility Provider and the Liquidity Facility Provider, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Owners of not less than a majority of the principal amount of the Outstanding Bonds shall, in each case only with the consent of the Credit Facility Provider (with respect only to any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider), and the Trustee shall, at the written request of the Credit Facility Provider (with respect only to any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider), waive any default with respect to the Bonds which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture; but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon. No waiver of Section 8.1(g) or (h) shall be effective unless the interest component of the Credit Facility or the Liquidity Facility, as applicable, is reinstated in full as evidenced by a certificate of the Credit Facility Provider or the Liquidity Facility Provider, as applicable. No waiver of Section 8.1(g) or (h) shall be effective unless the Credit Facility Provider or Liquidity Facility Provider, as applicable, has waived or rescinded in writing the Event of Default under the Credit Facility or the Liquidity Facility, as applicable.

Section 8.11. NOTICE OF DEFAULT. The Trustee shall mail or cause to be mailed to all Bondowners written notice of the occurrence of any Event of Default set forth in clause (a), (b) or (c) of Section 8.1 promptly after any such Event of Default shall have occurred of which the Trustee has actual knowledge. Notice of the occurrence of any other Event of Default set forth in Section 8.1 of this Indenture or in Section 8.1 of the Loan Agreement shall be mailed to the Credit Facility Provider and the Liquidity Facility Provider within three Business Days after any such Event of Default shall have occurred of which the Trustee has actual knowledge. If in any Bond Year the total amount of deposits to the credit of the Debt Service Fund shall be less than the amounts required so to have been deposited under the provisions of this Indenture and any Supplemental Indenture, the Trustee, on or before the thirtieth (30th) day of the next succeeding Bond Year, shall mail to all Bondowners a written notice of the failure to make such deposits. The Trustee shall not, however, be subject to any liability to any such Bondowner by reason of its failure to mail or cause to be mailed any notice required by this Section.

Section 8.12. RIGHTS OF CREDIT FACILITY PROVIDER. (a) So long as the Credit Facility Provider is not in default on its payment obligations under the Credit Facility, such Credit Facility Provider shall at all times be deemed to be the exclusive owner of the Bonds enhanced pursuant to the Credit Facility issued by such Credit Facility Provider for the purposes of all approvals, consents, waivers or institution of any action and the direction of all remedies (subject to Section 8.13).

(b) In the event that the principal of and/or interest on the Bonds shall be paid by the Credit Facility Provider pursuant to the terms of the Credit Facility, the Bonds shall remain Outstanding, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the registered

owners shall continue to exist and the Credit Facility Provider shall be entitled to all of the rights of such registered owners in accordance with the terms and conditions hereof and of the Credit Facility Documents.

(c) Notwithstanding any provision in this Indenture or the Loan Agreement to the contrary, the Credit Facility Provider shall have no rights under this Indenture or the Loan Agreement, other than such rights as are explicitly set forth herein and in the Loan Agreement as continuing or surviving after the Credit Facility is not in effect or if the Credit Facility Provider is in default on its payment obligations under the Credit Facility, including, without limitation, the rights of subrogation as herein provided, to the extent that the Credit Facility Provider has made payments under the Credit Facility, in the event that the Credit Facility is not in effect or the Credit Facility Provider is in default on its payment obligations under the Credit Facility.

Section 8.13. CREDIT FACILITY PROVIDER CONSENT. Notwithstanding any other provisions of this Indenture, unless the Credit Facility Provider is in payment default under the Credit Facility, the consent of the owners of Bonds for which a Credit Facility has been issued shall for purposes of this Indenture be deemed to have been obtained when the consent of the Credit Facility Provider is obtained, except in the cases where approval of all Bondowners is required as provided in Section 10.2(b) and (c) hereof, in which case the consents of both the Bondowners and the Credit Facility Provider shall be required. Notwithstanding any provision in this Indenture or the Loan Agreement to the contrary, (i) any action by the Trustee or the Authority which requires the consent or approval of all or a certain percentage of Bondowners hereunder shall also require the prior written consent of the Credit Facility Provider, unless the Credit Facility Provider is in payment default under the Credit Facility; (ii) nothing shall affect the Authority's right to specifically enforce the provisions of Sections 2.2(f) and (g), 5.1, 5.3, 5.6, 5.7, 5.8, 5.9, 6.3, 6.5, 7.6, 7.7, 9.1, 9.2, 10.5, and 10.6 of the Loan Agreement; and (iii) all provisions in this Indenture or the Loan Agreement requiring the consent of the Credit Facility Provider shall have no force and effect if the Credit Facility is not in effect or if the Credit Facility Provider is in payment default under such Credit Facility.

Section 8.14. RIGHTS OF LIQUIDITY FACILITY PROVIDER. (a) In the event that the principal of and/or interest on the Bonds shall be paid by the Liquidity Facility Provider pursuant to the terms of the Liquidity Facility, the Bonds shall remain Outstanding, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the registered owners shall continue to exist and the Liquidity Facility Provider shall be entitled to all of the rights of such registered owners in accordance with the terms and conditions hereof and of the Liquidity Facility Documents.

(b) Notwithstanding any provision in this Indenture or the Loan Agreement to the contrary, the Liquidity Facility Provider shall have no rights under this Indenture or the Loan Agreement, other than rights of subrogation as herein provided to the extent that the Liquidity Facility Provider has made payments under the Liquidity Facility, in the event that the Liquidity Facility is not in effect or the Liquidity Facility Provider is in default on its payment obligations under the Liquidity Facility.

CONSENTS TO SUPPLEMENTAL INDENTURES

Section 10.1. SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF BONDOWNERS. Notwithstanding any other provisions of this Article X, the Authority and the Trustee may at any time or from time to time enter into a Supplemental Indenture supplementing this Indenture or any Supplemental Indenture so as to modify or amend such indentures, for one or more of the following purposes:

(a) To add to the covenants and agreements of the Authority contained in this Indenture or any Supplemental Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, reconstruction, renovation, equipment, operation, maintenance, development or administration of any project under the Act or relative to the application, custody, use and disposition of the proceeds of the Bonds; or

(b) To confirm, as further assurance, any pledge under and the subjection to any lien on or pledge of the Revenues created or to be created by this Indenture or a Supplemental Indenture; or

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or

(d) To grant to or confer on the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority, or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(e) To amend any provisions of this Indenture if, prior to the execution of any such amendment there shall be delivered to the Trustee an Opinion of Bond Counsel to the effect that such amendment will not have a material adverse effect on the security, remedies or rights of the Bondowners.

Supplemental Indentures for the above purposes may be adopted and executed without the consent of the Credit Facility Provider, the Liquidity Facility Provider or any Bondowner, but prior written notice thereof must be given by the Trustee to the Credit Facility Provider and the Liquidity Facility Provider if the Credit Facility Provider and the Liquidity Facility Provider are not then in payment default under the Credit Facility or the Liquidity Facility, as applicable.

Section 10.2. SUPPLEMENTAL INDENTURES WITH CONSENT OF BONDOWNERS. (a) At any time or from time to time but subject to the conditions or restrictions contained in this Indenture and each Supplemental Indenture, a Supplemental Indenture may be entered into by the Authority and the Trustee amending or supplementing this Indenture, any Supplemental Indenture or any of the Bonds or releasing the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained. However, no such Supplemental Indenture shall be effective unless such Supplemental Indenture is approved or consented to by the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any), unless the Credit Facility Provider and the Liquidity Facility Provider are in payment default under the Credit Facility or the Liquidity Facility, in which case the Supplemental Indenture shall require the approval or consent of the Owners, obtained as provided in Section 11.2, of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby. In computing any such required percentage there shall be excluded from such consent, and from such Outstanding Bonds, any such Outstanding Bonds owned or held by or for the account of the Authority or the Institution.

(b) Notwithstanding the provisions of paragraph (a) of this Section, except as provided in Section 10.3, no such modification changing any terms of redemption of Bonds, due date of principal of or interest on Bonds or making any reduction in principal or Redemption Price of and interest on any Bonds shall be made without the consent of the affected Bondowner.

(c) Notwithstanding any other provisions of this Section, no Supplemental Indenture shall be entered into by the Authority and the Trustee, except as provided in Section 10.3, reducing the percentage of consent of Bondowners required for any modification of this Indenture or any Supplemental Indenture or diminishing the pledge of the Revenues securing the Bonds.

(d) The provisions of paragraph (a) of this Section shall not be applicable to Supplemental Indentures adopted in accordance with the provisions of Section 10.1.

(e) Notwithstanding any other provisions of this Section, the consent of the Owners of Bonds for which a Credit Facility has been issued shall for purposes of this Indenture be deemed to have been obtained when the consent of the Credit Facility Provider has been obtained, except in the cases where approval of all Bondowners is required as provided in paragraphs (b) and (c) hereof, in which case the consents of both the Bondowners and the Credit Facility Provider shall be required.

Section 10.3. SUPPLEMENTAL INDENTURES BY UNANIMOUS ACTION. Notwithstanding anything contained in the foregoing provisions of this Article, the rights and obligations of the Authority and of the owners of the Bonds and the terms and provisions of this Indenture, any Supplemental

Indenture or the Bonds may be modified or amended in any respect upon the adoption of a Supplemental Indenture by the Authority with the consent of the Credit Facility Provider, the Liquidity Facility Provider, and the Owners of all the Outstanding Bonds affected by such modification or amendment, such consent to be given as provided in Section 11.2, except that no notice to Bondowners by mailing shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written consent thereto in addition to the consent of the Bondowners so affected.

PROCEDURES FOR BONDOWNER CONSENTS

Section 11.2. CONSENT OF BONDOWNERS. When the Authority and the Trustee enter into a Supplemental Indenture making a modification or amendment permitted by and requiring the consent of the Bondowners pursuant to the provisions of Sections 10.2 or 10.3, such Supplemental Indenture shall take effect when and as provided in this Section. Upon the execution of such Supplemental Indenture, a copy thereof, certified by an Authorized Officer of the Authority, shall be filed with the Trustee for the inspection of the Bondowners affected. A copy of such Supplemental Indenture (or summary thereof) together with a request to such Bondowners for their consent thereto in form satisfactory to the Trustee, shall be mailed or caused to be mailed by the Authority to such Bondowners. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee the written consents of the percentages of owners of Outstanding Bonds in accordance with Sections 10.2 or 10.3. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted hereinafter by this Section or Section 13.4. A certificate or certificates by the Trustee, which shall be placed on file, that it examined such proof and that such proof is sufficient, shall be conclusive that the consents have been given by the owners of the Bonds described in such certificate or certificates of the Trustee. Any consent shall be binding upon the owner of the Bonds giving such consent and on any subsequent owner of such Bonds (whether or not such owner has notice thereof) unless such consent is revoked in writing by the owner of such Bonds giving such consent or a subsequent owner by filing revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for is first given. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee which shall be placed on file. At any time after the owners of the required percentage of Bonds shall have filed their consent to any Supplemental Indenture a notice shall be given or caused to be given to such Bondowners by the Authority by mailing such notice to such Bondowners (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as herein provided). The Authority shall file with the Trustee proof of giving such notice. Such notice shall state in substance that any Supplemental Indenture (which may be referred to as an indenture executed by and between the Authority and the Trustee on a stated date, a copy of which is on file with the Trustee) has been consented to by the owners of the required percentage of Bonds and shall be effective as provided in this Section. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Upon such notice, such Supplemental Indenture making such amendment or modification shall become effective and conclusively binding upon the Authority, the Trustee, and the owners of all Bonds.

DEFEASANCE

Section 12.1. DEFEASANCE. (a) If the Authority shall pay or cause to be paid, or there shall be otherwise paid, to the owners of all or any of the Bonds then Outstanding, the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in this Indenture and any Supplemental Indenture, and all fees and expenses of the Trustee and the Authority and all Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations, then the pledge of any Revenues or other moneys and securities hereby pledged to such Bonds and all other rights granted hereby to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee or other fiduciary shall pay or deliver to the Authority all moneys or securities held by it pursuant to this Indenture and any Supplemental Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to be used by the Authority in any lawful manner including distribution to the Institution. Prior to executing any discharge documents, in the event of providing for the payment of Bonds secured by a Credit Facility or a Liquidity Facility, the Trustee shall receive written confirmation from each Rating Agency then maintaining a rating on such Bonds that the proposed defeasance will not result in a reduction or withdrawal of the rating on such Bonds then in effect.

(b) Any Bonds for which moneys shall then be held by a trustee, which may be the Trustee (through deposit by the Authority or the Institution of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in this Section. Any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to the Trustee, irrevocable instructions to give notice of redemption on such date of such Bonds; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and if such Bonds are secured by a Credit Facility, any such moneys for the defeasance of such Bonds shall constitute Available Moneys and any such Defeasance Obligations shall be purchased with Available Moneys; (iii) there shall have been filed with the Trustee, the Credit Facility Provider and the Authority (x) a report of a firm of certified public accountants, acceptable to the Authority, confirming the arithmetical accuracy of the computations showing the cash or Defeasance Obligations, the principal of and interest on which, together with cash, if any, deposited at the same time will be sufficient to pay when due, the principal or Redemption Price, if applicable, and interest due or to become due on such Bonds, on and prior to the redemption date or maturity date thereof, as the case may be and (y) an Opinion of Bond Counsel, acceptable to the Authority, to the effect that upon provision for the payment of the principal or Redemption Price, if applicable, of, and interest due or to become due on such Bonds, the pledge of Revenues and other moneys and securities hereunder and the grant of all rights to the Owners of such Bonds hereunder shall be discharged and satisfied; and (iv) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail, as soon as practicable, a notice to the owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 12.1 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds. Neither Defeasance Obligations deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than the payment of the principal or Redemption Price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Authority to be used by it in any lawful manner including a distribution to the Institution provided all amounts owing to the Authority and the Trustee have been satisfied, free and clear of any trust, lien or pledge. Nothing in this paragraph (b) shall be, or be deemed to be, a restriction on the Authority's ability to provide for Defeasance Obligation substitutions or restructuring provided that the Defeasance Obligations shall at all times be in compliance with clause (ii) above, as evidenced by a report of a firm of certified public accountants in compliance with clause (iii)(x) above; and if the interest on Bonds which have been defeased pursuant to this paragraph (b) is excludable from gross income for federal income tax purposes, the Authority shall provide an Opinion of Bond Counsel that the substitution or restructuring will not adversely affect such exclusion. Notwithstanding any provision of this Indenture, the Trustee shall have no right of set off against any moneys and securities deposited under this paragraph (b). Notwithstanding anything herein to the contrary, Bonds secured by Credit Facility shall be defeased pursuant to this Article XII only with uninvested cash and shall not be defeased with Defeasance Obligations. In addition, the rights of the Holders of Bonds bearing interest at a Daily Rate or a Weekly Rate (but not at a VRO Rate) to optionally tender such Bonds pursuant to Section 2.14 hereof shall remain in effect during any defeasance escrow period until the redemption date for such Bonds.

(c) Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when all of the Bonds have become due and payable either at their stated maturity dates or by a call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after such date when all of the Bonds become due and payable, shall, at the written request of the Authority be repaid by the Trustee to the Authority as its absolute property and

free from trust (to the extent permitted by law) to be used by the Authority in any lawful manner including a distribution to the Institution, and the Authority and the Trustee shall thereupon be released and discharged of its obligations with respect to the Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee shall mail to the Bondowners a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than forty (40) nor more than ninety (90) days after the date of mailing of such notice, the balance of such moneys then unclaimed shall be returned to the Authority to be used by the Authority in any lawful manner including a distribution to the Institution.

MISCELLANEOUS

Section 13.1. MISCELLANEOUS POWERS AS TO BONDS AND PLEDGE; STATE AGREEMENT. (a) The Authority represents that it is duly authorized under the Act and all applicable laws to create and issue the Bonds, to execute this Indenture and any Supplemental Indenture, and to pledge the Revenues and other moneys, securities and funds pledged by this Indenture in the manner and to the extent provided herein and in any Supplemental Indenture. The Authority covenants that the Revenues and other moneys, securities and funds so pledged are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge created by this Indenture and any Supplemental Indenture, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Authority further covenants that the Bonds and the provisions of this Indenture and any Supplemental Indenture are and shall be the valid and binding special obligations of the Authority in accordance with their terms and the terms of this Indenture and any Supplemental Indenture. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under this Indenture and any Supplemental Indenture, and all of the rights of the Bondowners under this Indenture against all claims and demands of all persons whomsoever.

(b) The Bondowners shall have the benefit of the State's pledge and agreement contained in Sections 10a-187a and 10a-195 of the Act as in effect on the date hereof: "The state of Connecticut does hereby pledge to and agree with the holders of any obligations issued under this chapter, and with those parties who may enter into contracts with the authority pursuant to the provisions of this chapter, that the state will not limit or alter the rights hereby vested in the authority until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the authority, provided nothing herein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such obligations of the authority or those entering into such contracts with the authority."

Section 13.4. EVIDENCE OF SIGNATURES OF BONDOWNERS AND OWNERSHIP OF BONDS. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondowners may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondowners in person or by their attorneys or DTC proxies duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, or the holding by any person of such Bonds, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(a) The fact and date of the execution by any Bondowner or such Bondowner's attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondowner may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(b) The amount of Bonds held by any person executing such request or other instrument as a Bondowner, and the numbers and other identification thereof, and the date of his

holding such Bonds, may be proved by a certificate (which need not be acknowledged or verified) satisfactory to the Trustee, executed by an officer or partner of a bank, trust company, or other financial firm or corporation satisfactory to the Trustee, showing that at the date therein mentioned such person exhibited to such officer or partner or had on deposit with such depository the Bonds described in such certificate. Continued ownership after the date stated in such certificate shall be presumed unless and until a certificate complying with the provisions of this paragraph (b), bearing a subsequent date and relating to the same Bonds, shall be delivered to the Trustee.

The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done or omitted to be done by the Authority or the Trustee in accordance therewith.

Section 13.9. NO RECOURSE ON THE BONDS. No recourse shall be had for the payment of the principal or Redemption Price of and interest on the Bonds or for any claims based thereon or on this Indenture against any member or other officer of the Authority or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Bondowner by the acceptance of the Bond. The Bonds are payable solely from the Revenues and neither the faith and credit nor the taxing power of the State of Connecticut or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

The Authority shall be conclusively deemed to have complied with all of its covenants and other obligations hereunder, upon requiring the Institution in the Loan Agreement to agree to perform such Authority covenants and other obligations (excepting only any approvals or consents permitted or required to be given the Authority hereunder, and any exceptions to the performance by the Institution of the Authority's covenants and other obligations hereunder, as may be contained in the Loan Agreement). However, nothing contained in the Loan Agreement shall prevent the Authority from time to time, in its discretion, from performing any such covenants or other obligations. The Authority shall have no liability for any failure to fulfill, or breach by the Institution of, the Institution's obligations relating to or under, as the case may be, the Bonds, this Indenture, the Loan Agreement or otherwise, including without limitation the Institution's obligation to fulfill the Authority's covenants and other obligations under this Indenture.

Section 13.14. HOLIDAYS. If the date for making any payment or the last date for performance of any act or the exercising of any right as provided herein, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided herein, and no interest shall accrue for the period after such nominal date.

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APPENDIX E-1

EXCERPTS FROM THE FIXED RATE AGREEMENTS

The following are excerpts of certain provisions of the Series A Agreement and the Series E Agreement (together, the "Fixed Rate Agreements"). Except for minor, immaterial differences, the Fixed Rate Agreements are substantially identical. The following should not be regarded as full statements of the Fixed Rate Agreements. Reference is made to the Fixed Rate Agreements in their entirety for complete statements of the provisions thereof, copies of which are on file with the Trustee.

THE LOAN; THE BONDS; SECURITY; THE NOTE

2.1. The Loan; Issuance of Bonds and Application of Proceeds. The Authority hereby agrees, upon the delivery of the Bonds, to loan to the Institution the amount of $102,300,000 (with regard to the Series A Bonds) and $80,935,000 (with regard to the Series E Bonds) to provide funds to finance and refinance the Project, to pay capitalized interest, if any, on the Bonds, and to pay costs related to the issuance of the Bonds upon the terms and conditions set forth or referred to in this Loan Agreement. The Institution agrees to borrow and agrees to repay the amount of $102,300,000 (with regard to the Series A Bonds) and $80,935,000 (with regard to the Series E Bonds) upon the terms and conditions set forth or referred to in this Loan Agreement. This Loan Agreement shall constitute a general obligation of the Institution. To provide funds to finance the loan to the Institution, the Authority agrees to use its best efforts to issue the Bonds in accordance with the Indenture. The Institution agrees that the proceeds of the Bonds to be made available to finance the loan to the Institution shall be deposited with the Trustee and the Authority and applied as provided in the Indenture. The Institution acknowledges and agrees that it shall have no interest in the proceeds of the Bonds equal to or greater than that of the Bondowners who shall have a first and prior beneficial interest in such money until it is applied in accordance herewith and with the Indenture.

2.2. Payment Obligations. (a) **General**. Notwithstanding any provision of this Loan Agreement or any other Institution Documents, as and for repayment of the loan made to the Institution by the Authority pursuant to Section 2.1 hereof, the Institution shall pay to the Trustee for the account of the Authority the amounts, including without limitation the amounts described in subsections (b) and (c) below, required at all times for the payment of the principal of, and premium if any, and interest on the Bonds when due, whether at maturity, upon redemption, by acceleration or otherwise; provided, however, that the obligation of the Institution to make any such payment hereunder shall be reduced by any amount held by the Trustee in the Debt Service Fund for such payment of the Bonds pursuant to the terms of the Indenture. All amounts received by the Trustee pursuant to subsections (a), (b) or (c) of this Section shall be deposited into the Debt Service Fund.

(b) **Principal Payments**. The Institution shall repay the principal of the loan in consecutive monthly installments on the twentieth (20th) day of each month of each Bond Year (or if such date is not a Business Day, the next succeeding Business Day), commencing July 20, 2025 (with regard to the Series A Bonds) and July 20, 2014 (with regard to the Series E Bonds), in an amount equal to one-twelfth (1/12) of the principal or Sinking Fund Installment, as the case may be, of the Bonds becoming due on the July 1 immediately succeeding the expiration of such Bond Year (provided, however, in all events, the payment made on June 20 of each Bond Year shall provide for sufficient funds necessary to make payment in full of the principal or Sinking Fund Installment becoming due on the July 1 immediately succeeding the expiration of such Bond Year) after crediting to such amount becoming due any amount in the Principal Account or the Sinking Fund Account, as the case may be, prior to such July 1 available for the payment of such principal or Sinking Fund Installment.

(c) **Interest Payments**. The Institution shall pay the interest on the loan in consecutive monthly installments on the twentieth (20th) day of each month of each Bond Year (or if such date is not a Business Day, the next succeeding Business Day), commencing December 20, 2014, in an amount equal to (after taking to account any available amounts, if any, on deposit in the Capitalized Interest Account of the Construction Fund) one-sixth (1/6) of the interest coming due on the Bonds on the next succeeding Interest Payment Date after crediting to such amount becoming due any amount in the Interest Account available for the payment of such interest (provided, however, in all events, the payment due immediately prior to each Interest Payment Date shall provide for sufficient funds necessary to make payment in full of the interest becoming due on the Bonds on such next succeeding Interest Payment Date).

(d) **Reimbursement of Authority**. The Institution agrees to pay to the Authority an amount equal to the sum of the following three (3) items: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee, all as required by the Indenture and not otherwise paid or provided for by the Institution; (ii) all other expenditures reasonably and necessarily incurred by the Authority with respect to the loan to the Institution and the issuance of the Bonds, including Cost of Issuance to the extent amounts on deposit in the Cost of Issuance Fund are insufficient for the payment thereof and also including interest on overdue payments at the rate or rates of interest specified in the Bonds, penalties for late payments and all expenses incurred by the Authority to compel full and punctual performance of all the provisions of this Loan Agreement, any other Institution Document, and each other document executed by the Institution in connection with the Authority's loan to the Institution or the issuance of the Bonds, in accordance with the terms hereof and thereof; and (iii) the Annual Administrative Fee. Any expenditures of the Authority made pursuant to items (i) and (ii) of this paragraph shall be billed by the Authority to the Institution in writing as soon as practicable and shall be paid or caused to be paid by the Institution within five (5) Business Days of each request for payment. The Institution shall pay one-half of the Annual Administrative Fee for each Bond Year on or before June 20 and December 20 of each calendar year commencing December 20, 2014; provided, however, that on December 20, 2014, the Institution shall pay the Annual Administrative Fee prorated for the period beginning with the delivery of the Bonds and ending on December 31, 2014.

(e) **Rebate Fund**. The Institution agrees to provide amounts that shall be sufficient to meet the Rebate Requirement of the Rebate Fund. The Institution agrees that this obligation of the Institution shall survive the payment in full of the Bonds or the refunding and defeasance of the Bonds pursuant to the provisions of Section 12.1 of the Indenture.

(f) **Manner of Payment**. The Institution agrees to pay to the Authority or to such party as the Authority shall direct in writing the payments required by this Loan Agreement from its general funds or any other moneys legally available to the Institution in the manner and at the times provided by this Loan Agreement.

(g) **Survival**. The payment obligations of the Institution pursuant to Subsections (a), (b), (c), (d) (i) and (ii), and (e), except to the extent paid or to be paid from any defeasance escrow for the Bonds, shall survive the expiration of this Loan Agreement.

2.6. Security for Bonds. (a) **Assignment and Pledge**. The Institution agrees that the principal and Redemption Price of and the interest on the Bonds shall be payable in accordance with the Indenture and the right, title and interest of the Authority in and to this Loan Agreement and the Note shall be assigned to the Trustee, subject to certain conditions and reservations, and certain payments received by or for the account of the Authority from the Institution with respect thereto shall be assigned and pledged by the Authority to the Trustee to secure the payment of the Bonds. The Institution agrees that all of the rights accruing to or vested in the Authority with respect to this Loan Agreement and the Note may be exercised, protected and enforced by the Trustee for or on behalf of the Bondowners in accordance with the provisions hereof, thereof, and of the Indenture.

(b) **Pledge of Gross Revenues**. In order to secure the prompt payment of the principal of, Redemption Price, if any, and interest on the Bonds and the performance by the Institution of its obligations under this Loan Agreement and the performance by the Members of the Obligated Group of their obligations under the Master Indenture and the Note, the Institution and the other Members of the Obligated Group, pursuant to the Master Indenture, have pledged and assigned to the Master Trustee, and have granted to the Master Trustee a security interest in, for the equal and ratable benefit of the holders from time to time of all Obligations issued under the Master Indenture, all of their Gross Revenues.

(c) **Bondowners Beneficiaries**. This Loan Agreement is executed in part to induce the purchase by others of the Bonds, and, accordingly, all covenants and agreements on the part of the Institution and the Authority, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the owners from time to time of the Bonds.

(d) **Compliance**. The Institution agrees to do all things within its power in order to comply with, and to enable the Authority to comply with, all requirements, and to fulfill and to enable the Authority to fulfill all covenants of, the Resolution of the Authority, the Tax Regulatory Agreement and the Indenture.

(e) **Assignment of Contract Documents and Consents.** The Institution agrees to deliver to the Trustee on behalf of the Authority as security for its obligations under the Loan Agreement and the Note, the Assignment of Contract Documents and Consents. **[Section 2.6(e) pertains only to the Series E Bonds]**

INSURANCE; CONDEMNATION PROCEEDS

4.1. Insurance. (a) *Insurance Required*. The Institution shall, at all times specified in the following subparagraphs, maintain or cause the Project Users to maintain a program of insurance to cover losses arising out of the risks identified below. The Institution shall keep its property, and shall cause the Project Users to keep their property, including the Premises, and all buildings and improvements now or hereafter erected on its property, including the Premises, insured in the amounts and of the nature described in this Section and shall comply with any requirements of the insurance company writing such insurance.

(b) *Commercial Insurance.* The Institution shall procure and maintain or cause to be procured or maintained commercial insurance meeting the following requirements, subject to the exceptions provided for in subsection (d) below.

General Liability

General Liability shall cover actions of the Institution and its directors, officers, employees and volunteers and shall not exclude coverage for property damage from explosion, collapse and underground operations. Coverage for explosion, collapse and underground operations shall include blasting, if necessary, or explosion, collapse of structures or structural injury due to grading of land, excavation, filling, backfilling, tunneling, pile driving, caisson work, moving, shoring, underpinning, raising of, or demolition of, any structure, or removal or rebuilding of any structural support of a building or structure. Such insurance shall further include coverage for damage to wires, conduits, pipes, mains, sewers or other similar apparatus encountered below the surface of the ground when such damage is caused by any occurrence arising out of the performance of the work.

The following policies, or formats having similar coverage features, are acceptable.

(1) Comprehensive General Liability Policy (ISO 1973 policy form) to include:

A. premises and operations;

B. blanket contractual liability insurance;

C. completed operations and products;

D. fellow employee claims under bodily injury;

E. independent contractors;

F. most current ISO broad form endorsement; and

G. defense coverage in addition to liability limits.

(2) Commercial General Liability Insurance - Occurrence Form (ISO 1986, 1988, or 1993) unrestricted.

(3) Commercial General Liability Insurance (only if coverage under 2. above is not available) - Claims Made Form (ISO 1986) unrestricted.

Insurance shall not be written for less than the following minimum standards:

(i) comprehensive general liability as outlined in item 1:

	— combined single limit bodily injury and property damage coverage (per occurrence and with no general aggregate, as applicable under this policy form)	$1,000,000
	— fire damage liability	$ 250,000
(ii)	commercial general liability as outlined in items 2 and 3:	
	— combined single limit bodily injury and property damage coverage per occurrence	$1,000,000
	— in the aggregate separately for the general policy aggregate	$2,000,000
	— fire damage liability	$ 250,000

Automobile Liability

Automobile liability coverage shall include all owned, non-owned, hired, or leased autos for a minimum of $1,000,000 combined single limit.

Workers' Compensation

Workers' compensation insurance shall be maintained in accordance with all applicable statutes. Coverage shall include employers' liability with limits for bodily injury by accident of not less than $100,000 each accident; bodily injury by disease of not less than $100,000 each employee; and of not less than $500,000 policy limit for disease. Such policies shall include a voluntary compensation endorsement, and a broad form all states coverage endorsement.

Umbrella or Excess Liability

Umbrella or excess liability coverage following the form of applicable general liability, employers' liability and automobile liability coverages with a $10,000,000 combined single limit per occurrence, and if general aggregate limits are included, a general aggregate not less than $10,000,000 is required. All policies shall be endorsed to drop-down over any exhausted aggregate limits applicable to underlying policies.

Directors' and Officers' Liability ("D&O")

D&O coverage for wrongful acts of persons affiliated with the Institution or the Project Users shall be maintained in the form of health care administrators' errors and omissions coverage with a per occurrence and annual aggregate limit of liability of not less than $10,000,000.

Builders' Risk **[With regard to the Series E Bonds only]**

The Institution shall procure and maintain or cause its contractors to procure and maintain builders' risk insurance including boiler and machinery coverage, for all of the work to be performed on the Project site.

(1) The policy shall be written on a 100% replacement cost basis and shall insure against all risk of direct physical loss or damage to all materials, supplies, machinery, equipment, scaffolding, temporary structures and other property of a similar nature, all of which are to be used in or incidental to the fabrication, erection, completion and acceptance of the Project, as well as the cost of any necessary additional architectural or engineering drawings.

The policy shall also provide a minimum of an amount equal to the lesser of the then current replacement value of the Project or $10,000,000 annual aggregate coverage or sublimits separately for the perils of earthquake and, if the Project is in a flood zone, flood.

(2) Coverage under this policy shall continue until completion or occupation of the Project by the Institution, whichever is sooner.

All Risk Property

Commencing on the date that each facility or any part thereof of the Institution or the Project Users is completed or is occupied by the Institution or the Project Users, whichever is sooner, the Institution shall procure and maintain, or cause the Project Users to procure and maintain, all risk property insurance. The policy shall be written on a 100% replacement cost basis, with an agreed amount endorsement, no coinsurance provision, and shall cover all related property.

The policy shall also provide a minimum of an amount equal to the lesser of the then current replacement value of the Project or $10,000,000 annual aggregate coverage or sublimits separately for the perils of earthquake and, if the Project is in a flood zone, flood.

Business Interruption

Business Interruption insurance shall be secured on all operations of the Institution and each Project User covering the loss of gross earnings of the Institution and each Project User (and extra expense incurred) by reason of the total or partial suspension of, or interruption in, the use or occupancy of the operating assets of the Institution caused by loss or damage to, or destruction of, any part of said operating assets, covering a period of suspension or interruption of a minimum of one year, in an amount not less than the maximum debt service on the Bonds due in any Bond Year (Sinking Fund Installments, if any, and principal, other than principal to be paid from Sinking Fund Installments, plus interest), together with additional expenses of the Institution expected to be incurred during such period.

Hospital Professional Liability

Hospital professional liability coverage (either separately written or included with general liability coverage), shall cover operations of the Institution, and each Project User, their employees, volunteers, and any non-employed professionals who have been indemnified by the Institution. The insurance shall be for no less than $5,000,000 per occurrence and $5,000,000 annual aggregate limit. Limits may be provided through a combination of primary and excess or umbrella coverage, so long as the total coverage available is not less than $10,000,000 per occurrence and $10,000,000 annual aggregate. Where professional medical services are provided under contract to the Institution, the contract shall stipulate that the medical provider provide annual certification of medical malpractice coverage with limits of not less than $1,000,000 per occurrence and $3,000,000 annual aggregate.

(c) *Deductibles and Self-Insured Retentions.* The Institution and the Project Users may retain risk through deductibles and self-insured retentions on any of the commercial insurance specified in subsection (b) above, with the exception of Business Interruption Insurance, which may not be self-insured. However, deductibles or self-insured retentions shall not exceed $100,000 per occurrence for an individual contract of insurance, except as provided in subsection (d) below.

(d) *Alternative to Commercial Insurance.* Except for All Risk Property, Business Interruption, and Builder's Risk insurance, the Institution and the Project Users may, with the prior written consent of the Authority, utilize alternative risk financing programs reasonably comparable to those described in subsection (b) above, including any program not rated "A-, VIII" or better by A.M. Best Co. ("Best"). Such programs may include commercial carriers with lower or no Best ratings, single-parent or group captives, risk retention groups or medicare qualified self-insurance trusts. Any commercial insurance with deductibles or self-insured retentions exceeding $100,000 per occurrence shall be considered an alternative risk financing program and shall be subject to the provisions of this subsection.

Should any such alternative risk financing program be used, the Institution shall submit to the Authority documentation regarding the financial security of the program, as requested by the Authority. Such information may include, but not be limited to, actuarial certification of adequate reserves, audited financial statements, and coverage documents of the alternative risk financing program. The use of such program shall be subject to written approval by the Authority, so long as such approval is not unreasonably withheld. The right of the Authority to review and approve such programs shall in no way certify or imply that such program is financially sound, nor obligate the Authority in any way to the Institution or other third parties as to the legality or financial solvency of such programs.

In addition to the foregoing, before the Institution or any Project User may enter into a program of self-insurance, as permitted herein, against any particular risk for which it is not on the date thereof self-insuring, it must receive a certificate from an Independent Insurance Consultant to the effect that an actuarially sound claims reserve fund has been created by the Institution or any Project User for such self-insurance program and is funded annually with the actuarially required deposit (as determined by an Independent Insurance Consultant) deposited in a separate trust fund held by an independent corporate trustee (which trust fund may have separate accounts).

(e) *Insurance Policy Provisions*.

(1) All insurance prescribed by this Section shall be procured from sound and reputable insurers admitted to do business in the State of Connecticut, rated "A-, VIII" or better by Best or otherwise approved in writing by the Authority. Any insurers not rated "A-, VIII" or better by Best (including any such insurer approved by the Authority) shall be considered an alternative risk financing program subject to the provisions of subsection (d) above.

(2) Should claims made form coverage be used to meet any of these risk financing requirements, the following items must be provided:

(a) retroactive date as the first effective date of claims made coverage and prior acts or extended reporting ("tail") coverage maintained so long as any of the obligations of the Institution hereunder are outstanding.

(b) an amended definition of a claim so that a claim is deemed to have been made when any insured reports an incident likely to give rise to a claim for damages under the policy.

(c) provide the option of any extended reporting provision for a minimum of twelve months should the policy be cancelled, non-renewed or the retroactive date be advanced.

(1) All insurance policies shall provide that the insurance company shall give at least thirty (30) days' notice in writing to the Institution, the Authority and the Trustee of the cancellation or non-renewal of the policy other than for non-payment of premium and at least ten (10) days' notice in writing to the Institution, the Authority and the Trustee if the reason for cancellation is non-payment of premium.

(2) All policies of insurance (except automobile, workers' compensation, medical professional liability, fiduciary and D&O) shall include the Authority and the Trustee as additional insureds, as their interests may appear and as a loss payee and mortgagee as required.

(f) *Evidence of Compliance; Waiver or Adjustment.* Certificates of insurance and other required documentation shall be provided to the Authority prior to the delivery of the Bonds. In addition, certificates of insurance, or evidence of continuation of insurance coverage, which may be in the form of a binder, shall be provided to the Authority not less than thirty (30) days prior to the expiration of any policy period. In addition, the Institution shall submit to the Authority certification of the risk financing program in force, including compliance with the requirements of this Section, on a form provided by the Authority as of June 30 of each year.

Complete copies of insurance policies, including all declarations, terms, conditions, endorsements and exclusions shall remain available for inspection by the Authority and the Trustee at all reasonable times, and a

list prepared as of each June 30th describing such policies shall be furnished to the Authority and the Trustee annually within sixty (60) days after the beginning of each Bond Year, together with a certificate of an Authorized Officer of the Institution certifying that such insurance meets all the requirements of this Loan Agreement. The Trustee shall have no responsibility with respect to any such insurance except to receive such certificates and hold the same for inspection by any Bondowner.

The minimum limits and types of coverage stated in this Section are subject to written waiver or adjustment based upon commercial availability and/or evidence of standard industry practices which may differ, from time to time, with currently stated limits. The Authority shall have the right to increase the minimum limits and modify the types of insurance required as reasonably prudent business practices dictate following, if circumstances permit, consideration or advice of an Independent Insurance Consultant.

(g) *Report of Independent Insurance Consultant.* Not less than once every two years, with the first such report prepared no later than December 15, 2015, the Institution shall cause an Independent Insurance Consultant to prepare and file a report with the Authority certifying as to the adequacy of the Institution's and each Project User's insurance program. To the extent the Institution or any Project User has implemented alternatives to commercial insurance in accordance with subparagraph (d), including self-insurance trusts, the Institution shall cause an Independent Insurance Consultant to prepare and file a report with the Authority, not less than once a year, with the first such report coming no later than December 15 of the year in which such self-insurance takes effect, certifying as to the adequacy of the self-insurance program in meeting the requirements of this Section which such program or programs were designed to meet. The Institution further agrees to cause to be prepared a report of an Independent Insurance Consultant prior to implementing a material modification of a self-insurance program. To the extent any such report recommends changes to the program, the Institution agrees to follow, or cause the Project Users to follow, such recommendations to the extent feasible.

(h) *Waivers and Amendments.* The Authority, in its sole discretion, reserves the right to waive or amend any provision of this Section without the consent of the Trustee or the Bondowners.

4.2. Application of Property Insurance and Condemnation Proceeds. In case the whole or any part of the Project or the Premises is taken by eminent domain or damaged or destroyed or is otherwise rendered incapable of being used to its fullest extent for the purposes of the Institution or any Project User to meet the Institution's obligations under this Loan Agreement and the other Institution Documents by any cause whatsoever, then and in such event, but subject to the provisions of the Master Indenture:

A. Except as provided in paragraph B, the Institution shall proceed to replace or restore or cause to be replaced or restored such part of the Project or the Premises, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible or with such changes and modifications as would not have an adverse effect on the operations of the Institution. The moneys required for such replacement or restoration shall be paid from the proceeds of insurance or any award or payment in connection with the condemnation of the Project or the Premises received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

B. If no decision for the restoration or replacement of all or such part of the Project or the Premises shall be reached by the Institution within 120 days after such damage or taking, or if the Institution fails to proceed with due diligence to restore or replace such part of the Project or the Premises, all respective insurance or condemnation proceeds (after giving appropriate recognition to any similar requirements with respect to any Indebtedness ranking on a parity with the Bonds) shall be paid to the Trustee for deposit in the Redemption Fund for application to the purchase or redemption of Bonds in accordance with the Indenture or used as otherwise agreed to by the Authority and the Institution.

Notwithstanding any such taking, or other injury to, or decrease in the value of the Project or the Premises, the Institution shall continue to pay interest on the principal payable hereunder and under the other

Institution Documents as provided herein and therein, and to make any and all other payments required by this Loan Agreement and by the other Institution Documents. Any reduction in the principal payable under this Loan Agreement and under the other Institution Documents resulting from the application by the Authority of such award or payment to the redemption of Bonds shall be deemed to take effect only on the date of such application.

DUTIES OF THE INSTITUTION

5.2. Obligation Absolute. The obligation of the Institution to make payments to the Authority or on its order to the Trustee under this Loan Agreement and the Note is absolute and unconditional and shall not be subject to setoff, recoupment or counterclaim. The Institution agrees that payments required by this Loan Agreement and the Note shall be paid when due by the Institution to the Trustee for deposit in the Debt Service Fund whether or not any patient, occupant or user of the Institution is delinquent in the payment of his or her charges, rentals or other charges owed to the Institution, whether or not any patient, user or occupant receives either partial or total reimbursement as a credit against such payment, and whether or not the Institution receives either partial or total reimbursement as a credit against such payment.

The agreements, covenants, representations and indemnifications of the Institution in this Loan Agreement and the other Institution Documents executed and delivered in connection herewith shall be a full faith and credit obligation of the Institution.

5.3. Master Indenture. The Institution agrees to comply with, and to cause the other Members of the Obligated Group to comply with, the terms and provisions of the Master Indenture, which terms and provisions are incorporated herein by reference. No amendments to the Master Indenture may be implemented without the prior written consent of the Authority (this sentence shall not apply to supplements to the Master Indenture that do not amend any terms or provisions of the Master Indenture). The Institution shall give notice, or cause the Master Trustee to give notice, to the Authority of the issuance of any Obligations under the Master Indenture, the incurrence of any Indebtedness by a Member of the Obligated Group or the entry of any Person into, or the withdrawal of any Person from, the Obligated Group.

5.4. Contracts and Agreements. Except as permitted by this Loan Agreement and the other Institution Documents, the Institution agrees that it shall not enter into any contracts or agreements, perform any acts or request the Authority to enter into any contracts or agreements or perform any acts which may adversely affect any of the covenants or representations made by the Institution to the Authority under the Institution Documents or the rights of the Authority.

5.5. Operation of Institution. (a) The Institution agrees that it shall use its best efforts to operate the Institution in a prudent and efficient manner. The Institution further agrees that it shall employ, at all times, administrative personnel experienced and well qualified in the field of hospital administration.

(b) The Institution agrees to operate its facilities properly and in a sound and economical manner. The Institution agrees to maintain, preserve and keep its facilities, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and to make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Institution and its facilities may be properly and advantageously conducted.

(c) The Institution agrees that it will procure and maintain all necessary licenses and permits and maintain accreditation of its hospital facilities (other than those of a type for which accreditation is not then available) by The Joint Commission and the status of its hospital facilities (other than those not currently having such status) as a provider of health care services eligible for reimbursement under any appropriate third-party payor programs and comparable programs, including future governmental programs as long as, in the opinion of the Institution, such accreditation is in the best interests of the Institution; provided, that if the Institution shall determine that such accreditation is not in its best interests, it shall cause an independent consultant to deliver a report to the Authority indicating the likely operational and economic effect on the Institution of discontinuance of such accreditation and that such discontinuance will not have a materially adverse effect on the financial condition of the Obligated Group taken as a whole.

(d) The Institution covenants that it shall correct all deficiencies found by each governmental authority with jurisdiction over the operation of the Project and the Premises, including any inspection in connection with the implementation of the Project and the Premises by the Institution in accordance with the requirements of the appropriate governmental or accrediting entity.

(e) The Institution covenants that it will comply in all material respects with the terms and conditions set forth in any certificate of need applicable to the Project or the Premises, and any duly approved amendments to such terms and conditions.

5.6. Payment of Obligations, Taxes, Assessments and Charges. The Institution agrees to pay promptly all charges, judgments and other obligations incurred or imposed on the Institution in accordance with the applicable payment terms. The Institution shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Institution's facilities, or upon any part thereof or upon the Revenues, when the same shall become due, and shall duly comply with all valid requirements of any municipal or governmental authority relative to any part of the Institution's facilities. The Institution shall pay or cause to be paid or cause to be discharged, or shall make adequate provisions to satisfy and discharge, within one-hundred twenty (120) days after the same shall become due and payable, all lawful claims and demands for labor, materials, equipment, supplies or other objects which, if unpaid, might by law become a lien upon the facilities of the Institution, the Premises, or the Revenues; provided, however, that nothing in this Section shall require the Institution to pay or cause to be paid or cause to be discharged, any such tax, assessment, valid requirement, claim, demand, lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings by the Institution.

5.7. Tax Covenant. (a) The Institution covenants that it and each person related to it within the meaning of Section 147(a)(2) of the Code, including, but not limited to, each Project User, will comply with each requirement of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(b) In furtherance of the covenant contained in the preceding sentence, the Institution agrees to comply, and to cause each Project User to comply, with the provisions of the Tax Regulatory Agreement.

(c) The Institution covenants that neither it nor any Project User will take any action or fail to take any action with respect to the Bonds which action or failure to act would cause such Bonds to be "arbitrage bonds", within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder, as amended from time to time.

(d) The Institution covenants that: (i) neither it nor any Project User shall perform any acts or enter into any agreements which shall cause any revocation or adverse modification of its or their status as an organization exempt from Federal income taxes pursuant to Section 501(a) of the Code; and (ii) neither it nor any Project User shall carry on or permit to be carried on any trade or business the conduct of which is not substantially related to the exercise or performance by the Institution or any such Project User of the purposes or functions constituting the basis for its or their exemption under Section 501 of the Code if such use would result in the loss of the Institution's or any such Project User's exempt status under Section 501 of the Code or would cause the interest on the Bonds to be included in gross income and subject to Federal income taxation.

(e) The Institution agrees that neither the Institution, nor any person related to it within the meaning of Section 147(a)(2) of the Code, including, but not limited to, each Project User, pursuant to an arrangement, formal or informal, shall purchase the Bonds upon their initial issuance in an amount related to the amount of the Bonds secured by this Loan Agreement.

(f) Notwithstanding any other provision of the Indenture or this Loan Agreement to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, the covenants contained in this Section shall survive the discharge and satisfaction of the Bonds (in accordance with Section 12.1 of the Indenture) and the termination of this Loan Agreement.

5.8. Premises. The Institution covenants that, except as set forth in the Hazardous Substance Agreements, the Premises will comply in all material respects with, all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations.

5.9. Securities Law Compliance. The Institution covenants that it shall not perform any act or enter into any agreement which shall change the status of the Institution's representations set forth in Section 7.2 of this Loan Agreement.

5.10. General Compliance with Law. The Institution covenants that it will comply in all material respects with all federal, state and local laws, regulations and ordinances relating to its business, the Project, the Premises, and its facilities, including, but not limited to, the Employee Retirement Income Security Act of 1974, as amended, and all applicable laws and regulations relating to nondiscrimination in employment and employment opportunities, and all applicable Equal Employment and Opportunity Laws.

INFORMATION AND REPORTING REQUIREMENTS

6.3. Continuing Disclosure. (a) The Institution shall furnish, in a timely manner, to the Authority, the Trustee and the Municipal Securities Rulemaking Board (the "MSRB") as provided in the Continuing Disclosure Agreement (1) if required by Rule 15c2-12 adopted by the Securities and Exchange Commission (the "Rule"), notice of any of the events described in subsection (b)(5)(i)(C) of the Rule, as such Rule may be amended from time to time, and (2) notice of the failure of the Institution to provide the financial information in the manner and as described in the next subsection of this Loan Agreement.

(b) The Institution shall furnish, and shall cause each "obligated person" as defined in the Rule to furnish to the Authority, the Trustee, the MSRB and, upon request, the owners of the Bonds and such other parties as the Authority may designate, at the times required by the Continuing Disclosure Agreement, annual and quarterly financial information (including operating data) of the Institution, of the type included in the final Official Statement for the Bonds, including but not limited to audited financial statements of the Institution for the most recent prior Fiscal Year prepared in accordance with generally accepted accounting principles (or describing any exceptions therefrom) and the information set forth in the Continuing Disclosure Agreement. The Institution shall take all actions and furnish any other information necessary to comply with the Rule and the Continuing Disclosure Agreement.

REPRESENTATIONS OF INSTITUTION

7.1. Tax Law Representations. The Institution represents that: (i) it and each Project User is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law and that neither it nor any Project User is a "private foundation" as defined in the Code; (ii) it and each Project User has received a letter or letters from the Internal Revenue Service to such effect; (iii) such letter or letters have not been modified, limited or revoked; (iv) it and each Project User is in compliance with all terms, conditions and limitations, if any, contained in such applicable letter; (v) the facts and circumstances which formed the basis of such letter as represented to the Internal Revenue Service continue to substantially exist; (vi) it and each Project User is exempt from Federal income taxes under Section 501(a) of the Code; and (vii) it has adopted written procedures or guidelines to ensure that the Bonds will remain in compliance with Federal tax requirements after the issuance of the Bonds.

7.2. Securities Law Representations. The Institution represents that it is an organization organized and operated: (i) exclusively for educational or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended.

7.3. The Premises. The Institution represents that the Premises currently comply (except as set forth in the Hazardous Substance Agreements) in all material respects, with all applicable restrictive covenants,

applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations.

7.4. Compliance with Law. The Institution represents that it is in compliance with all federal, state and local laws, regulations and ordinances relating to its business, the Project, the Premises, and its facilities including, but not limited to, the Employee Retirement Income Security Act of 1974, as amended, and all Equal Employment Opportunity Laws and other applicable laws and regulations relating to nondiscrimination in employment and employment opportunities, except for such non-compliance as would not materially adversely affect the Institution.

7.5. Eligible Borrower. The Institution represents that it is a "participating qualified nonprofit organization" under the Act.

7.6. Compliance with CGS Sections 4a-60 and 4a-60a.

(a) CGS Section 4a-60. In accordance with Connecticut General Statutes Section 4a-60(a)(1), as amended, and to the extent required by Connecticut law, the Institution agrees and warrants as follows: (1) in the performance of this Loan Agreement it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Institution that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut and further to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Institution that such disability prevents performance of the work involved; (2) in all solicitations or advertisements for employees placed by or on behalf of the Institution, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission on Human Rights and Opportunities (the "CHRO"); (3) to provide each labor union or representative of workers with which the Institution has a collective bargaining agreement or other contract or understanding and each vendor with which the Institution has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Institution's commitments under Connecticut General Statutes Section 4a-60, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) to comply with each provision of Connecticut General Statutes Sections 4a-60, 46a-68e and 46a-68f and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Sections 46a-56, 46a-68e and 46a-68f; (5) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Institution as relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (6) to include provisions (1) through (5) of this Section in every subcontract or purchase order entered into by the Institution in order to fulfill any obligation of this Loan Agreement, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60.

(b) CGS Section 4a-60a. In accordance with Connecticut General Statutes Section 4a-60a(a)(1), as amended, and to the extent required by Connecticut law, the Institution agrees and warrants as follows: (1) that in the performance of this Loan Agreement, the Institution will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) to provide each labor union or representative of workers with which the Institution has a collective bargaining agreement or other contract or understanding and each vendor with which the Institution has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Institution's commitments under Connecticut General Statutes Section 4a-60a, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) to comply with each provision of Connecticut General Statutes Section 4a-60a and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Section 46a-56; (4) to provide the CHRO with such

information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Institution which relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (5) to include provisions (1) through (4) of this Section in every subcontract or purchase order entered into by the Institution in order to fulfill any obligation of this Loan Agreement, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60a.

(c) Required Submissions. The Institution agrees and warrants that (1) it has delivered to the Authority an affidavit signed under penalty of false statement by a chief executive officer, president, chairperson, member, or other corporate officer duly authorized to adopt a corporate or company policy in the form attached as Attachment B to this Loan Agreement; (2) if there is a change in the information contained in the most recently filed affidavit, the Institution will submit an updated affidavit not later than the earlier of the execution of a new contract with the State or a political subdivision of the State or thirty days after the effective date of such change; and (3) the Institution will deliver an affidavit to the Authority annually, not later than fourteen days after the twelve-month anniversary of the most recently filed affidavit, stating that the affidavit on file with the Authority is current and accurate.

7.7. Compliance with CGS Section 9-612(g)(2). For all State contracts as defined in P.A. 07-1 having a value in a calendar year of $50,000 or more or a combination or series of such agreements or contracts having a value of $100,000 or more, the Institution's authorized signatories to this Loan Agreement expressly acknowledge receipt of the State Elections Enforcement Commission's notice advising State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See Exhibit A to this Loan Agreement - Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations.

7.8. Certificate of Need. The Institution represents that (i) a certificate of need for the operation of the Premises has been received by the Institution or the applicable Project User and duly approved by the Connecticut Office of Health Care Access, (ii) under the terms of such certificate of need, the applicable Project User has been authorized to construct and equip the Project, (iii) such certificate of need is in full force and effect and has not been revoked, and (iv) the applicable Project User is in material compliance with all the terms and conditions set forth therein.

EVENTS OF DEFAULT; REMEDIES

8.1. Events of Default. As used herein an "Event of Default" exists if any of the following occurs and is continuing:

(a) **Principal, Interest, Premium, etc.** Failure by the Institution to make when due any payment required under subsection (a), (b) or (c) of Section 2.2 hereof or failure by the Institution to pay in full any payment of principal of or interest on the Note when due; or

(b) **Other Payments**. Failure by the Institution to pay when due any amount required to be paid under this Loan Agreement (other than any amount referred to in subsection (a), (b) or (c) of Section 2.2 hereof or any amount of principal of or interest due on the Note), which failure continues for a period of ten (10) days; or

(c) **Covenants, Representations, etc.** Failure by the Institution to observe and perform any covenant, condition or agreement in the Institution Documents (other than the Continuing Disclosure Agreement or under Section 6.3 hereof) on its part to be observed or performed, or failure of any representation made by the Institution in the Institution Documents (other than the Continuing Disclosure Agreement or under Section 6.3 hereof) to be correct in all material respects, which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Institution by the Trustee or the Master Trustee or to the Institution, the Trustee and the Master Trustee by the Authority; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied which by their nature cannot reasonably be done, taken or remedied, as the case may be,

within such 60-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, in the sole judgment of the Authority, the Institution shall in good faith commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(d) **Default Under Other Agreements.** An event of default shall have occurred under the Master Indenture, or under any agreement or lease (after the expiration of any applicable grace periods) to which the Authority and the Institution are parties; or

(e) **Indenture Event of Default.** An Event of Default (as defined in the Indenture) shall have occurred under the Indenture; or

(f) **Delay or Discontinuance.** The acquisition, construction, improvement, equipping, renovation or repair of the Project is abandoned or discontinued or delayed for a length of time or in a manner which the Authority believes threatens the ability of the Institution to repay the loan made hereunder or threatens the exclusion from gross income of the interest on the Bonds. **[Section 8.1(f) pertains only to the Series E Bonds]]**

8.2. Remedies. (a) Upon the occurrence and continuance of any Event of Default hereunder and further upon the condition that, in accordance with the terms of the Indenture, the Bonds shall have been declared to be immediately due and payable pursuant to any provision of the Indenture, the loan payments required by subsections (a), (b) and (c) of Section 2.2 hereof and the payments required by the Note shall, without further action, become and be immediately due and payable.

(b) Upon the occurrence and continuance of any Event of Default hereunder, the Authority may, and the Trustee shall at the direction of the Authority, subject to the terms of the Indenture, take any action at law or in equity to collect any payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Institution hereunder or to protect the interests securing the same, and the Authority may, and the Trustee shall at the direction of the Authority, without limiting the generality of the foregoing, exercise any or all rights and remedies given hereby or available hereunder and may take any action at law or in equity to collect any payments then due or thereafter to become due, or to enforce performance of any obligation, agreement or covenant of the Institution hereunder or under the Note.

(c) Any amounts collected from the Institution pursuant to this Section 8.2 shall be applied in accordance with the Indenture.

(d) The Authority and the Institution agree that, upon the occurrence of an Event of Default, while the Authority does not have the right of foreclosure, the Authority may pursue any such remedies as are available to it hereunder and under Connecticut law.

(e) Upon the occurrence and continuance of any Event of Default hereunder, any and all amounts due hereunder may be declared by the Authority to be immediately due and payable whether or not the Bonds shall have been declared to be due and payable; provided that if the Bonds have been declared to be due and payable in accordance with the terms of the Indenture, the amounts due hereunder under subsections (a), (b) and (c) of Section 2.2 hereof shall, as provided in Section 8.2(a) above, without further action, become and be immediately due and payable.

8.3. Remedies Not Exclusive. All rights and remedies herein given or granted to the Authority are cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or be given by reason of any law, statute, ordinance or otherwise.

MISCELLANEOUS

10.2. Amendment. Subject to Section 4.1(h) hereof, the Authority hereby reserves the right, together with the Institution, with the consent of the Trustee (given at the direction of the Authority, but the Trustee need not consent if the Trustee's duties, obligations or liabilities are affected thereby) and to the extent permitted by Section 6.5 of the Indenture: (i) to amend or modify the terms of this Loan Agreement, and the Note in any respect

consistent with the Act, (ii) to extend the term of the Loan Agreement or the Note or the time for making any payment hereunder or thereunder, or (iii) to continue to make construction advances after the initial completion date for the Project. The Institution covenants and agrees to send a copy of each amendment or modification of this Loan Agreement and the Note to the Trustee.

10.8. Waivers and Consents by Authority. The Authority reserves the right to give its consent or waiver of any provision of this Loan Agreement, without the consent of the Bondowners, provided such consent or waiver does not cause the Authority to violate any of its covenants or agreements under the Indenture, and provided further that the Authority shall not waive any provision of Section 9.3 of this Loan Agreement without the prior written consent of the Trustee. Any waiver, consent, notice or request authorized to be given by the provisions of this Loan Agreement shall be given by an Authorized Officer of the Authority in writing.

10.11. Compliance with Conn. Public Act 01-184. This Loan Agreement, and any other Institution Document, application, agreement, financial statement, certificate or other writing executed, or submitted to the Authority by the Institution in connection with the loan extended to the Institution hereunder and the issuance of the Bonds under the Indenture, and which provides information on which the decision of the Authority was based to enter into this Loan Agreement and to issue its Bonds, is executed and/or was submitted by the Institution under penalty of false statement as provided in Connecticut General Statutes Section 53a-157b. This certification is provided by the Institution pursuant to Connecticut Public Act 01-184.

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APPENDIX E-2

EXCERPTS FROM THE VARIABLE RATE AGREEMENTS

The following are excerpts of certain provisions of the Series B Agreement, the Series C Agreement and the Series D Agreement (collectively, the "Variable Rate Agreements"). Except for minor, immaterial differences, the Variable Rate Agreements are substantially identical. The following should not be regarded as full statements of the Variable Rate Agreements. Reference is made to the Variable Rate Agreements in their entirety for complete statements of the provisions thereof, copies of which are on file with the Trustee.

THE LOAN; THE BONDS; SECURITY; THE NOTE

2.1. The Loan; Issuance of Bonds and Application of Proceeds. The Authority hereby agrees, upon the delivery of the Bonds, to loan to the Institution the amount of $168,275,000 (with regard to the Series B Bonds), $83,625,000 (with regard to the Series C Bonds) and $108,275,000 (with regard to the Series D Bonds) to provide funds to refund the Prior Bonds, to refinance the Project, and to pay costs related to the issuance of the Bonds upon the terms and conditions set forth or referred to in this Loan Agreement. The Institution agrees to borrow and agrees to repay the amount of $168,275,000 (with regard to the Series B Bonds), $83,625,000 (with regard to the Series C Bonds) and $108,275,000 (with regard to the Series D Bonds) upon the terms and conditions set forth or referred to in this Loan Agreement. This Loan Agreement shall constitute a general obligation of the Institution. To provide funds to finance the loan to the Institution, the Authority agrees to use its best efforts to issue the Bonds in accordance with the Indenture. The Institution agrees that the proceeds of the Bonds to be made available to finance the loan to the Institution shall be deposited with the Trustee, the Refunding Escrow Deposit Agent, if any, and the Authority and applied as provided in the Indenture and the Refunding Escrow Deposit Agreement, if any. The Institution acknowledges and agrees that it shall have no interest in the proceeds of the Bonds equal to or greater than that of the Bondowners who shall have a first and prior beneficial interest in such money until it is applied in accordance herewith and with the Indenture and the Refunding Escrow Deposit Agreement, if any.

2.2. Payment Obligations. (a) **General**. Notwithstanding any provision of this Loan Agreement or any other Institution Documents, as and for repayment of the loan made to the Institution by the Authority pursuant to Section 2.1 hereof, the Institution shall pay to the Trustee for the account of the Authority the amounts, including without limitation the amounts described in subsections (b) and (c) below, required at all times for the payment of the principal of, and premium if any, and interest on the Bonds when due, whether at maturity, upon redemption, by acceleration or otherwise and including the Purchase Price upon any tender; provided, however, that the obligation of the Institution to make any such payment hereunder shall be reduced by any amount held by the Trustee in the Debt Service Fund for such payment of the Bonds pursuant to the terms of the Indenture. All amounts received by the Trustee pursuant to subsections (a), (b) or (c) of this Section shall be deposited into the Debt Service Fund.

(b) **Principal Payments**. The Institution shall repay the principal of the loan in consecutive monthly installments on the twentieth (20th) day of each month of each Bond Year (or if such date is not a Business Day, the next succeeding Business Day), commencing July 20, 2036 (with regard to the Series B Bonds), July 20, 2014 (with regard to the Series C Bonds) and July 20, 2031 (with regard to the Series D Bonds), in an amount equal to one-twelfth (1/12) of the principal or Sinking Fund Installment, as the case may be, of the Bonds becoming due on the July 1 immediately succeeding the expiration of such Bond Year (provided, however, in all events, the payment made on June 20 of each Bond Year shall provide for sufficient funds necessary to make payment in full of the principal or Sinking Fund Installment becoming due on the July 1 immediately succeeding the expiration of such Bond Year) after crediting to such amount becoming due any amount in the Principal Account or the Sinking Fund Account, as the case may be, prior to such July 1 available for the payment of such principal or Sinking Fund Installment. To the extent such payments on the Bonds are made with funds provided by the Credit Facility Provider pursuant to a drawing upon the Credit Facility, payments made by the Institution to the Trustee pursuant to this paragraph shall be transferred by the Trustee to the Credit Facility Provider in reimbursement for any such drawing.

(c) **Interest Payments**. The Institution shall pay the interest on the loan in consecutive monthly installments on the twentieth (20th) day of each month of each Bond Year with respect to the Bonds while the Bonds bear interest at the Fixed Rate, the Semiannual Rate or the Term Rate, and in periodic installments on the Business Day which is two Business Days immediately prior to each Interest Payment Date while the Bonds bear interest at a LIBOR-Based Rate, SIFMA-Based Rate, Bank Purchase Rate, Daily Rate, Weekly Rate, VRO Rate, Monthly Rate, Quarterly Rate, or Commercial Paper Rate (or if such date is not a Business Day, the next succeeding Business Day), commencing June 27, 2014, in an amount equal to one-sixth (1/6) of the interest coming due on the Bonds that bear interest at a Fixed Rate, a Semiannual Rate or a Term Rate, and all of the interest coming due on the Bonds that bear interest at an Adjustable Rate (other than a Semiannual Rate or a Term Rate), on the next succeeding Interest Payment Date after crediting to such amount becoming due any amount in the Interest Account available for the payment of such interest (provided, however, in all events, the payment due immediately prior to each Interest Payment Date shall provide for sufficient funds necessary to make payment in full of the interest becoming due on the Bonds on such next succeeding Interest Payment Date). To the extent such payments on the Bonds are made with funds provided by the Credit Facility Provider or the Liquidity Facility Provider pursuant to a drawing upon a Credit Facility or a Liquidity Facility, payments made by the Institution to the Trustee pursuant to this paragraph shall be transferred by the Trustee to the Credit Facility Provider or the Liquidity Facility Provider in reimbursement for any such drawing.

(d) **Purchase Price.** The Institution shall pay by 2:30 p.m. (New York City time) on each Purchase Date the Purchase Price of any Bonds properly tendered for purchase pursuant to Section 2.14 or 2.15 of the Indenture, that have not been timely remarketed, as and when due, in the event that the amount drawn under a Credit Facility or a Liquidity Facility and deposited with the Trustee, together with all other amounts (including remarketing proceeds), received by the Trustee for the purchase of Adjustable Rate Bonds Tendered or Deemed Tendered for Purchase, is not sufficient to pay the Purchase Price of such Bonds on the Purchase Date therefor. To the extent such payments on the Bonds are made with funds provided by the Credit Facility Provider or a Liquidity Facility Provider pursuant to a drawing upon a Credit Facility or a Liquidity Facility, payments made by the Institution to the Trustee pursuant to this paragraph shall be transferred by the Trustee to the Credit Facility Provider or the Liquidity Facility Provider in reimbursement for any such drawing.

(e) **Reimbursement of Authority**. The Institution agrees to pay to the Authority an amount equal to the sum of the following three (3) items: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee, all as required by the Indenture and not otherwise paid or provided for by the Institution; (ii) all other expenditures reasonably and necessarily incurred by the Authority with respect to the loan to the Institution and the issuance of the Bonds, including Cost of Issuance to the extent amounts on deposit in the Cost of Issuance Fund are insufficient for the payment thereof and also including interest on overdue payments at the rate or rates of interest specified in the Bonds, penalties for late payments and all expenses incurred by the Authority to compel full and punctual performance of all the provisions of this Loan Agreement, any other Institution Document, and each other document executed by the Institution in connection with the Authority's loan to the Institution or the issuance of the Bonds, in accordance with the terms hereof and thereof; and (iii) the Annual Administrative Fee. Any expenditures of the Authority made pursuant to items (i) and (ii) of this paragraph shall be billed by the Authority to the Institution in writing as soon as practicable and shall be paid or caused to be paid by the Institution within five (5) Business Days of each request for payment. The Institution shall pay one-half of the Annual Administrative Fee for each Bond Year on or before June 20 and December 20 of each calendar year commencing December 20, 2014; provided, however, that on December 20, 2014, the Institution shall pay the Annual Administrative Fee prorated for the period beginning with the delivery of the Bonds and ending on December 31, 2014.

(f) **Rebate Fund**. The Institution agrees to provide amounts that shall be sufficient to meet the Rebate Requirement of the Rebate Fund. The Institution agrees that this obligation of the Institution shall survive the payment in full of the Bonds or the refunding and defeasance of the Bonds pursuant to the provisions of Section 12.1 of the Indenture.

(g) **Other Obligations**. The Institution agrees to provide, at all times required under the Indenture, such additional amounts as are required to fund or make up any deficiency in the Debt Service Fund on any date on which principal of or interest on the Bonds is due or any deficiency in the Purchase Fund or any account established therein in the event and to the extent that the remarketing proceeds and moneys drawn under a Credit

Facility or a Liquidity Facility are insufficient to pay the Purchase Price of Bonds tendered for purchase on a Purchase Date. In the event of any such deficiency in the Debt Service Fund or the Purchase Fund, the Trustee shall notify the Authority and the Institution of such deficiency and the Institution shall pay the amount of any such deficiency to the Trustee by no later than 2:30 p.m. (New York City time) on the date on which principal of, Purchase Price of, or interest on, the Bonds is due.

(h) **Manner of Payment**. The Institution agrees to pay to the Authority or to such party as the Authority shall direct in writing the payments required by this Loan Agreement from its general funds or any other moneys legally available to the Institution in the manner and at the times provided by this Loan Agreement.

(i) **Survival**. The payment obligations of the Institution pursuant to Subsections (a), (b), (c), (d), (e) (i) and (ii), (f) and (g), except to the extent paid from any defeasance escrow for the Bonds, shall survive the expiration of this Loan Agreement.

2.6. Security for Bonds. (a) **Assignment and Pledge**. The Institution agrees that the principal and Redemption Price of and the interest on, and the Purchase Price of, the Bonds shall be payable in accordance with the Indenture and the right, title and interest of the Authority in and to this Loan Agreement and the Note shall be assigned to the Trustee, subject to certain conditions and reservations, and certain payments received by or for the account of the Authority from the Institution with respect thereto shall be assigned and pledged by the Authority to the Trustee to secure the payment of the Bonds and any amounts due to the Credit Facility Provider or the Liquidity Facility Provider. The Institution agrees that all of the rights accruing to or vested in the Authority with respect to this Loan Agreement and the Note may be exercised, protected and enforced by the Trustee for or on behalf of the Bondowners and the Credit Facility Provider or the Liquidity Facility Provider in accordance with the provisions hereof, thereof, and of the Indenture.

(b) **Pledge of Gross Revenues**. In order to secure the prompt payment of the principal of, Redemption Price, if any, and interest on the Bonds and the performance by the Institution of its obligations under this Loan Agreement and the performance by the Members of the Obligated Group of their obligations under the Master Indenture and the Note, the Institution and the other Members of the Obligated Group, pursuant to the Master Indenture, have pledged and assigned to the Master Trustee, and have granted to the Master Trustee a security interest in, for the equal and ratable benefit of the holders from time to time of all Obligations issued under the Master Indenture, all of their Gross Revenues.

(c) **Bondowners, Credit Facility Provider and Liquidity Facility Provider Beneficiaries.** This Loan Agreement is executed in part to induce the purchase by others of the Bonds and the issuance of the Credit Facility by the Credit Facility Provider and the issuance of the Liquidity Facility by the Liquidity Facility Provider, and, accordingly, all covenants and agreements on the part of the Institution and the Authority, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the owners from time to time of the Bonds and the Credit Facility Provider and the Liquidity Facility Provider.

(d) **Compliance**. The Institution agrees to do all things within its power in order to comply with, and to enable the Authority to comply with, all requirements, and to fulfill and to enable the Authority to fulfill all covenants of, the Resolution of the Authority, the Tax Regulatory Agreement and the Indenture.

2.9. The Credit Facility; Substitute Credit Facility. (a) While any Bonds bear interest at an Adjustable Rate and the Owners thereof have the right or obligation to tender such Bonds pursuant to Sections 2.14 and 2.15 of the Indenture, the Institution may provide support for payment of the principal of and interest on the Bonds, and the Purchase Price of Bonds which are Tendered or Deemed Tendered for Purchase and not remarketed, by causing a Credit Facility to be delivered to the Trustee. The Institution hereby authorizes and directs the Trustee to draw moneys under any Credit Facility, in accordance with the terms of the Credit Facility and the Indenture, to the extent necessary to pay the principal of and interest on the Bonds when due at maturity or by redemption or acceleration and to pay the Purchase Price of Bonds which are Tendered or Deemed Tendered for Purchase as provided in Article II of the Indenture and are not remarketed.

(b) The Institution shall be permitted to provide for the delivery to the Trustee of a substitute Credit Facility to replace the Credit Facility then in effect, provided that such Substitute Credit Facility complies

with Section 2.21 of the Indenture and that the Institution furnishes to the Authority and the Trustee (i) an Opinion of Bond Counsel to the effect that the delivery of such substitute Credit Facility will not adversely affect the tax-exempt status of interest on the Bonds; (ii) an Opinion of Counsel to the Credit Facility Provider; and (iii) the written consent of the Authority to the selection of the Credit Facility Provider.

(c) Each Substitute Credit Facility shall become effective for the purposes of this Loan Agreement (it being understood that the Substitute Credit Facility may become effective in accordance with its own terms prior to such date) on the Credit Facility Substitution Date and upon the delivery to the Trustee of the Substitute Credit Facility issued by the new Credit Facility Provider and each of the other items which are required pursuant to paragraph (b) of this Section 2.9.

(d) The Credit Facility Expiration Date of any Substitute Credit Facility must be no earlier than five (5) days after the earlier of (i) the date that is one year after the effective date of such Substitute Credit Facility and (ii) the Stated Maturity of the Bonds the payment of which is supported by such Substitute Credit Facility.

(e) Provisions herein pertaining to rights of the Credit Facility Provider shall be subject to Section 8.12(c) of the Indenture and shall be effective only so long as the Credit Facility is in effect or any Credit Facility Provider Payment Obligations are owing to the Credit Facility Provider.

(f) The Institution agrees that it shall not consent to, or be a party to, any amendment to or modifications of the Credit Facility Agreement or any security or other agreement related thereto without the prior written consent of the Authority, other than such amendments or modifications relating to the extension of the Credit Facility Expiration Date and/or the payment by the Institution of fees to the Credit Facility Provider.

(g) In the event of an extension of the Credit Facility Expiration Date or Credit Facility Termination Date of a Credit Facility by the Credit Facility Provider, the Institution shall cause to be delivered to the Authority and the Trustee a copy of the written extension of such Credit Facility Expiration Date or Credit Facility Termination Date, issued by the Credit Facility Provider by no later than fifteen (15) days prior to the Credit Facility Termination Date or the Credit Facility Expiration Date, as applicable.

2.10. The Liquidity Facility; Substitute Liquidity Facility. (a) While any Bonds bear interest at an Adjustable Rate and the Owners thereof have the right to tender such Bonds pursuant to Section 2.14 of the Indenture, the Institution may provide support for payment of the Purchase Price of Bonds which are Tendered or Deemed Tendered for Purchase and not remarketed by causing a Liquidity Facility to be delivered to the Trustee. The Institution hereby authorizes and directs the Trustee to draw moneys under the Liquidity Facility, in accordance with the terms of the Liquidity Facility and the Indenture, to the extent necessary to pay the Purchase Price of Bonds which are Tendered or Deemed Tendered for Purchase as provided in Article II of the Indenture and are not remarketed.

(b) The Institution shall be permitted to provide for the delivery to the Trustee of a Substitute Liquidity Facility to replace the Liquidity Facility then in effect, provided that such Substitute Liquidity Facility complies with Section 2.22 of the Indenture and that the Institution furnishes to the Authority and the Trustee (i) the Opinion of Bond Counsel to the effect that the delivery of such Substitute Liquidity Facility will not adversely affect the tax-exempt status of interest on the Bonds; (ii) an Opinion of Counsel to the Liquidity Facility Provider; and (iii) the written consent of the Authority to the selection of the Liquidity Facility Provider.

(c) Each Substitute Liquidity Facility shall become effective for the purposes of this Loan Agreement (it being understood that the Substitute Liquidity Facility may become effective in accordance with its own terms prior to such date) on the Liquidity Facility Substitution Date and upon the delivery to the Trustee of the Substitute Liquidity Facility issued by the new Liquidity Facility Provider and each of the other items which are required pursuant to paragraph (b) of this Section 2.10.

(d) The Liquidity Facility Expiration Date of any Substitute Liquidity Facility must be no earlier than five (5) days after the earlier of (i) the date that is one year after the effective date of such Substitute

Liquidity Facility and (ii) the Stated Maturity of the Bonds the payment of which is supported by such Substitute Liquidity Facility.

(e) Provisions herein pertaining to rights of the Liquidity Facility Provider shall be subject to Section 8.14(c) of the Indenture and shall be effective only so long as the Liquidity Facility is in effect or any Liquidity Facility Provider Payment Obligations are owing to the Liquidity Facility Provider.

(f) The Institution agrees that it shall not consent to, or be a party to, any amendment to or modifications of the Liquidity Facility Agreement or any security or other agreement related thereto without the prior written consent of the Authority.

(g) In the event of an extension of the Liquidity Facility Expiration Date or Liquidity Facility Termination date of a Liquidity Facility by the Liquidity Facility Provider, the Institution shall cause to be delivered to the Authority and the Trustee a copy of the written extension of such Liquidity Facility Expiration Date or Liquidity Facility Termination Date, issued by the Liquidity Facility Provider by no later than fifteen (15) days prior to the Liquidity Facility Termination Date.

INSURANCE; CONDEMNATION PROCEEDS

4.1. Insurance. (a) *Insurance Required*. The Institution shall, at all times specified in the following subparagraphs, maintain or cause the Project Users to maintain a program of insurance to cover losses arising out of the risks identified below. The Institution shall keep its property, and shall cause the Project Users to keep their property, including the Premises, and all buildings and improvements now or hereafter erected on its property, including the Premises, insured in the amounts and of the nature described in this Section and shall comply with any requirements of the insurance company writing such insurance.

(b) *Commercial Insurance.* The Institution shall procure and maintain or cause to be procured or maintained commercial insurance meeting the following requirements, subject to the exceptions provided for in subsection (d) below.

General Liability

General Liability shall cover actions of the Institution and its directors, officers, employees and volunteers and shall not exclude coverage for property damage from explosion, collapse and underground operations. Coverage for explosion, collapse and underground operations shall include blasting, if necessary, or explosion, collapse of structures or structural injury due to grading of land, excavation, filling, backfilling, tunneling, pile driving, caisson work, moving, shoring, underpinning, raising of, or demolition of, any structure, or removal or rebuilding of any structural support of a building or structure. Such insurance shall further include coverage for damage to wires, conduits, pipes, mains, sewers or other similar apparatus encountered below the surface of the ground when such damage is caused by any occurrence arising out of the performance of the work.

The following policies, or formats having similar coverage features, are acceptable.

(1) Comprehensive General Liability Policy (ISO 1973 policy form) to include:

A. premises and operations;

B. blanket contractual liability insurance;

C. completed operations and products;

D. fellow employee claims under bodily injury;

E. independent contractors;

F. most current ISO broad form endorsement; and

G. defense coverage in addition to liability limits.

(2) Commercial General Liability Insurance - Occurrence Form (ISO 1986, 1988, or 1993) unrestricted.

(3) Commercial General Liability Insurance (only if coverage under 2. above is not available) - Claims Made Form (ISO 1986) unrestricted.

Insurance shall not be written for less than the following minimum standards:

(i) comprehensive general liability as outlined in item 1:

— combined single limit bodily injury and property damage coverage (per occurrence and with no general aggregate, as applicable under this policy form)	$1,000,000
— fire damage liability	$ 250,000

(ii) commercial general liability as outlined in items 2 and 3:

— combined single limit bodily injury and property damage coverage per occurrence	$1,000,000
— in the aggregate separately for the general policy aggregate	$2,000,000
— fire damage liability	$ 250,000

Automobile Liability

Automobile liability coverage shall include all owned, non-owned, hired, or leased autos for a minimum of $1,000,000 combined single limit.

Workers' Compensation

Workers' compensation insurance shall be maintained in accordance with all applicable statutes. Coverage shall include employers' liability with limits for bodily injury by accident of not less than $100,000 each accident; bodily injury by disease of not less than $100,000 each employee; and of not less than $500,000 policy limit for disease. Such policies shall include a voluntary compensation endorsement, and a broad form all states coverage endorsement.

Umbrella or Excess Liability

Umbrella or excess liability coverage following the form of applicable general liability, employers' liability and automobile liability coverages with a $10,000,000 combined single limit per occurrence, and if general aggregate limits are included, a general aggregate not less than $10,000,000 is required. All policies shall be endorsed to drop-down over any exhausted aggregate limits applicable to underlying policies.

Directors' and Officers' Liability ("D&O")

D&O coverage for wrongful acts of persons affiliated with the Institution or the Project Users shall be maintained in the form of health care administrators' errors and omissions coverage with a per occurrence and annual aggregate limit of liability of not less than $10,000,000.

All Risk Property

Commencing on the date that each facility or any part thereof of the Institution or the Project Users is completed or is occupied by the Institution or the Project Users, whichever is sooner, the Institution shall procure and maintain, or cause the Project Users to procure and maintain, all risk property insurance. The policy shall be written on a 100% replacement cost basis, with an agreed amount endorsement, no coinsurance provision, and shall cover all related property.

The policy shall also provide a minimum of an amount equal to the lesser of the then current replacement value of the Project or $10,000,000 annual aggregate coverage or sublimits separately for the perils of earthquake and, if the Project is in a flood zone, flood.

Business Interruption

Business Interruption insurance shall be secured on all operations of the Institution and each Project User covering the loss of gross earnings of the Institution and each Project User (and extra expense incurred) by reason of the total or partial suspension of, or interruption in, the use or occupancy of the operating assets of the Institution caused by loss or damage to, or destruction of, any part of said operating assets, covering a period of suspension or interruption of a minimum of one year, in an amount not less than the maximum debt service on the Bonds due in any Bond Year (Sinking Fund Installments, if any, and principal, other than principal to be paid from Sinking Fund Installments, plus interest), together with additional expenses of the Institution expected to be incurred during such period.

Hospital Professional Liability

Hospital professional liability coverage (either separately written or included with general liability coverage), shall cover operations of the Institution, and each Project User, their employees, volunteers, and any non-employed professionals who have been indemnified by the Institution. The insurance shall be for no less than $5,000,000 per occurrence and $5,000,000 annual aggregate limit. Limits may be provided through a combination of primary and excess or umbrella coverage, so long as the total coverage available is not less than $10,000,000 per occurrence and $10,000,000 annual aggregate. Where professional medical services are provided under contract to the Institution, the contract shall stipulate that the medical provider provide annual certification of medical malpractice coverage with limits of not less than $1,000,000 per occurrence and $3,000,000 annual aggregate.

(c) *Deductibles and Self-Insured Retentions.* The Institution and the Project Users may retain risk through deductibles and self-insured retentions on any of the commercial insurance specified in subsection (b) above, with the exception of Business Interruption Insurance, which may not be self-insured. However, deductibles or self-insured retentions shall not exceed $100,000 per occurrence for an individual contract of insurance, except as provided in subsection (d) below.

(d) *Alternative to Commercial Insurance.* Except for All Risk Property, Business Interruption, and Builder's Risk insurance, the Institution and the Project Users may, with the prior written consent of the Authority and the Credit Facility Provider, utilize alternative risk financing programs reasonably comparable to those described in subsection (b) above, including any program not rated "A-, VIII" or better by A.M. Best Co. ("Best"). Such programs may include commercial carriers with lower or no Best ratings, single-parent or group captives, risk retention groups or medicare qualified self-insurance trusts. Any commercial insurance with deductibles or self-insured retentions exceeding $100,000 per occurrence shall be considered an alternative risk financing program and shall be subject to the provisions of this subsection.

Should any such alternative risk financing program be used, the Institution shall submit to the Authority documentation regarding the financial security of the program, as requested by the Authority. Such information may include, but not be limited to, actuarial certification of adequate reserves, audited financial statements, and coverage documents of the alternative risk financing program. The use of such program shall be subject to written approval by the Authority, so long as such approval is not unreasonably withheld. The right of the Authority to review and approve such programs shall in no way certify or imply that such program is financially

sound, nor obligate the Authority in any way to the Institution or other third parties as to the legality or financial solvency of such programs.

In addition to the foregoing, before the Institution or any Project User may enter into a program of self-insurance, as permitted herein, against any particular risk for which it is not on the date thereof self-insuring, it must receive a certificate from an Independent Insurance Consultant to the effect that an actuarially sound claims reserve fund has been created by the Institution or any Project User for such self-insurance program and is funded annually with the actuarially required deposit (as determined by an Independent Insurance Consultant) deposited in a separate trust fund held by an independent corporate trustee (which trust fund may have separate accounts).

(e) *Insurance Policy Provisions*.

(1) All insurance prescribed by this Section shall be procured from sound and reputable insurers admitted to do business in the State of Connecticut, rated "A-, VIII" or better by Best or otherwise approved in writing by the Authority. Any insurers not rated "A-, VIII" or better by Best (including any such insurer approved by the Authority) shall be considered an alternative risk financing program subject to the provisions of subsection (d) above.

(2) Should claims made form coverage be used to meet any of these risk financing requirements, the following items must be provided:

(a) retroactive date as the first effective date of claims made coverage and prior acts or extended reporting ("tail") coverage maintained so long as any of the obligations of the Institution hereunder are outstanding.

(b) an amended definition of a claim so that a claim is deemed to have been made when any insured reports an incident likely to give rise to a claim for damages under the policy.

(c) provide the option of any extended reporting provision for a minimum of twelve months should the policy be cancelled, non-renewed or the retroactive date be advanced.

(1) All insurance policies shall provide that the insurance company shall give at least thirty (30) days' notice in writing to the Institution, the Authority and the Trustee of the cancellation or non-renewal of the policy other than for non-payment of premium and at least ten (10) days' notice in writing to the Institution, the Authority and the Trustee if the reason for cancellation is non-payment of premium.

(2) All policies of insurance (except automobile, workers' compensation, medical professional liability, fiduciary and D&O) shall include the Authority and the Trustee as additional insureds, as their interests may appear and as a loss payee and mortgagee as required.

(f) *Evidence of Compliance; Waiver or Adjustment.* Certificates of insurance and other required documentation shall be provided to the Authority prior to the delivery of the Bonds. In addition, certificates of insurance, or evidence of continuation of insurance coverage, which may be in the form of a binder, shall be provided to the Authority not less than thirty (30) days prior to the expiration of any policy period. In addition, the Institution shall submit to the Authority certification of the risk financing program in force, including compliance with the requirements of this Section, on a form provided by the Authority as of June 30 of each year.

Complete copies of insurance policies, including all declarations, terms, conditions, endorsements and exclusions shall remain available for inspection by the Authority and the Trustee at all reasonable times, and a list prepared as of each June 30th describing such policies shall be furnished to the Authority and the Trustee annually within sixty (60) days after the beginning of each Bond Year, together with a certificate of an Authorized Officer of the Institution certifying that such insurance meets all the requirements of this Loan Agreement. The Trustee shall have no responsibility with respect to any such insurance except to receive such certificates and hold the same for inspection by any Bondowner.

The minimum limits and types of coverage stated in this Section are subject to written waiver or adjustment based upon commercial availability and/or evidence of standard industry practices which may differ, from time to time, with currently stated limits. The Authority shall have the right to increase the minimum limits and modify the types of insurance required as reasonably prudent business practices dictate following, if circumstances permit, consideration or advice of an Independent Insurance Consultant.

(g) *Report of Independent Insurance Consultant.* Not less than once every two years, with the first such report prepared no later than December 15, 2015, the Institution shall cause an Independent Insurance Consultant to prepare and file a report with the Authority certifying as to the adequacy of the Institution's and each Project User's insurance program. To the extent the Institution or any Project User has implemented alternatives to commercial insurance in accordance with subparagraph (d), including self-insurance trusts, the Institution shall cause an Independent Insurance Consultant to prepare and file a report with the Authority, not less than once a year, with the first such report coming no later than December 15 of the year in which such self-insurance takes effect, certifying as to the adequacy of the self-insurance program in meeting the requirements of this Section which such program or programs were designed to meet. The Institution further agrees to cause to be prepared a report of an Independent Insurance Consultant prior to implementing a material modification of a self-insurance program. To the extent any such report recommends changes to the program, the Institution agrees to follow, or cause the Project Users to follow, such recommendations to the extent feasible.

(h) *Waivers and Amendments.* The Authority, in its sole discretion, reserves the right to waive or amend any provision of this Section without the consent of the Trustee or the Bondowners.

4.2. Application of Property Insurance and Condemnation Proceeds. In case the whole or any part of the Project or the Premises is taken by eminent domain or damaged or destroyed or is otherwise rendered incapable of being used to its fullest extent for the purposes of the Institution or any Project User to meet the Institution's obligations under this Loan Agreement and the other Institution Documents by any cause whatsoever, then and in such event, but subject to the provisions of the Master Indenture:

A. Except as provided in paragraph B, the Institution shall proceed to replace or restore or cause to be replaced or restored such part of the Project or the Premises, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible or with such changes and modifications as would not have an adverse effect on the operations of the Institution. The moneys required for such replacement or restoration shall be paid from the proceeds of insurance or any award or payment in connection with the condemnation of the Project or the Premises received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

B. If no decision for the restoration or replacement of all or such part of the Project or the Premises shall be reached by the Institution within 120 days after such damage or taking, or if the Institution fails to proceed with due diligence to restore or replace such part of the Project or the Premises, all respective insurance or condemnation proceeds (after giving appropriate recognition to any similar requirements with respect to any Indebtedness ranking on a parity with the Bonds) shall be paid to the Trustee for deposit in the Redemption Fund for application to the purchase or redemption of Bonds in accordance with the Indenture or used as otherwise agreed to by the Authority and the Institution.

Notwithstanding any such taking, or other injury to, or decrease in the value of the Project or the Premises, the Institution shall continue to pay interest on the principal payable hereunder and under the other Institution Documents as provided herein and therein, and to make any and all other payments required by this Loan Agreement and by the other Institution Documents. Any reduction in the principal payable under this Loan Agreement and under the other Institution Documents resulting from the application by the Authority of such award or payment to the redemption of Bonds shall be deemed to take effect only on the date of such application.

DUTIES OF THE INSTITUTION

5.2. Obligation Absolute. The obligation of the Institution to make payments to the Authority or on its order to the Trustee under this Loan Agreement and the Note is absolute and unconditional and shall not be subject to setoff, recoupment or counterclaim. The Institution agrees that payments required by this Loan Agreement and the Note shall be paid when due by the Institution to the Trustee for deposit in the Debt Service Fund whether or not any patient, occupant or user of the Institution is delinquent in the payment of his or her charges, rentals or other charges owed to the Institution, whether or not any patient, user or occupant receives either partial or total reimbursement as a credit against such payment, and whether or not the Institution receives either partial or total reimbursement as a credit against such payment.

The agreements, covenants, representations and indemnifications of the Institution in this Loan Agreement and the other Institution Documents executed and delivered in connection herewith shall be a full faith and credit obligation of the Institution.

5.3. Master Indenture. The Institution agrees to comply with, and to cause the other members of the Obligated Group to comply with, the terms and provisions of the Master Indenture, which terms and provisions are incorporated herein by reference. No amendments to the Master Indenture may be implemented without the prior written consent of the Authority (this sentence shall not apply to supplements to the Master Indenture that do not amend any terms or provisions of the Master Indenture). The Institution shall give notice, or cause the Master Trustee to give notice, to the Authority of the issuance of any Obligations under the Master Indenture, the incurrence of any Indebtedness by a Member of the Obligated Group or the entry of any Person into, or the withdrawal of any Person from, the Obligated Group.

5.5. Operation of Institution. (a) The Institution agrees that it shall use its best efforts to operate the Institution in a prudent and efficient manner. The Institution further agrees that it shall employ, at all times, administrative personnel experienced and well qualified in the field of hospital administration.

(b) The Institution agrees to operate its facilities properly and in a sound and economical manner. The Institution agrees to maintain, preserve and keep its facilities, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and to make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Institution and its facilities may be properly and advantageously conducted.

(c) The Institution agrees that it will procure and maintain all necessary licenses and permits and maintain accreditation of its hospital facilities (other than those of a type for which accreditation is not then available) by the Joint Commission and the status of its hospital facilities (other than those not currently having such status) as a provider of health care services eligible for reimbursement under any appropriate third-party payor programs and comparable programs, including future governmental programs as long as, in the opinion of the Institution, such accreditation is in the best interests of the Institution; provided, that if the Institution shall determine that such accreditation is not in its best interests, it shall cause an independent consultant to deliver a report to the Authority indicating the likely operational and economic effect on the Institution of discontinuance of such accreditation and that such discontinuance will not have a materially adverse effect on the financial condition of the Obligated Group taken as a whole.

(d) The Institution covenants that it shall correct all deficiencies found by each governmental authority with jurisdiction over the operation of the Project and the Premises, including any inspection in connection with the implementation of the Project and the Premises by the Institution in accordance with the requirements of the appropriate governmental or accrediting entity.

(e) The Institution covenants that it will comply in all material respects with the terms and conditions set forth in any certificate of need applicable to the Project or the Premises, and any duly approved amendments to such terms and conditions.

5.6. Payment of Obligations, Taxes, Assessments and Charges. The Institution agrees to pay promptly all charges, judgments and other obligations incurred or imposed on the Institution in accordance with the applicable payment terms. The Institution shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Institution's facilities, or upon any part thereof or upon the Revenues, when the same shall become due, and shall duly comply with all valid requirements of any municipal or governmental authority relative to any part of the Institution's facilities. The Institution shall pay or cause to be paid or cause to be discharged, or shall make adequate provisions to satisfy and discharge, within one hundred twenty (120) days after the same shall become due and payable, all lawful claims and demands for labor, materials, equipment, supplies or other objects which, if unpaid, might by law become a lien upon the facilities of the Institution, the Premises, or the Revenues; provided, however, that nothing in this Section shall require the Institution to pay or cause to be paid or cause to be discharged, any such tax, assessment, valid requirement, claim, demand, lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings by the Institution.

5.7. Tax Covenant. (a) The Institution covenants that it and each person related to it within the meaning of Section 147(a)(2) of the Code, including, but not limited to, each Project User, will comply with each requirement of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(b) In furtherance of the covenant contained in the preceding sentence, the Institution agrees to comply, and to cause each Project User to comply, with the provisions of the Tax Regulatory Agreement.

(c) The Institution covenants that neither it nor any Project User will take any action or fail to take any action with respect to the Bonds which action or failure to act would cause such Bonds to be "arbitrage bonds", within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder, as amended from time to time.

(d) The Institution covenants that: (i) neither it nor any Project User shall perform any acts or enter into any agreements which shall cause any revocation or adverse modification of its or their status as an organization exempt from Federal income taxes pursuant to Section 501(a) of the Code; and (ii) neither it nor any Project User shall carry on or permit to be carried on any trade or business the conduct of which is not substantially related to the exercise or performance by the Institution or any such Project User of the purposes or functions constituting the basis for its or their exemption under Section 501 of the Code if such use would result in the loss of the Institution's or any such Project User's exempt status under Section 501 of the Code or would cause the interest on the Bonds to be included in gross income and subject to Federal income taxation.

(e) The Institution agrees that neither the Institution, nor any person related to it within the meaning of Section 147(a)(2) of the Code, including, but not limited to, each Project User, pursuant to an arrangement, formal or informal, shall purchase the Bonds upon their initial issuance in an amount related to the amount of the Bonds secured by this Loan Agreement.

(f) Notwithstanding any other provision of the Indenture or this Loan Agreement to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, the covenants contained in this Section shall survive the discharge and satisfaction of the Bonds (in accordance with Section 12.1 of the Indenture) and the termination of this Loan Agreement.

5.8. Premises. The Institution covenants that, except as set forth in the Hazardous Substance Agreements, the Premises will comply in all material respects with, all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations.

5.9. Securities Law Compliance. The Institution covenants that it shall not perform any act or enter into any agreement which shall change the status of the Institution's representations set forth in Section 7.2 of this Loan Agreement.

5.10. General Compliance with Law. The Institution covenants that it will comply in all material respects with all federal, state and local laws, regulations and ordinances relating to its business, the Project, the Premises, and its facilities, including, but not limited to, the Employee Retirement Income Security Act of 1974, as amended, and all applicable laws and regulations relating to nondiscrimination in employment and employment opportunities, and all applicable Equal Employment and Opportunity Laws.

5.12. Remarketing Agreement. The Institution shall not amend or modify the Remarketing Agreement without the prior written consent of the Authority.

INFORMATION AND REPORTING REQUIREMENTS

6.3. Continuing Disclosure. (a) The Institution shall furnish, in a timely manner, to the Authority, the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), the Trustee and the Municipal Securities Rulemaking Board (the "MSRB") as provided in the Continuing Disclosure Agreement (1) if required by Rule 15c2-12 adopted by the Securities and Exchange Commission (the "Rule"), notice of any of the events described in subsection (b)(5)(i)(C) of the Rule, as such Rule may be amended from time to time, and (2) notice of the failure of the Institution to provide the financial information in the manner and as described in the next subsection of this Loan Agreement.

(b) The Institution shall furnish, and shall cause each "obligated person" as defined in the Rule to furnish to the Authority, the Trustee, the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), the MSRB, and upon request, the owners of the Bonds and such other parties as the Authority may designate, at the times required by the Continuing Disclosure Agreement, annual and quarterly financial information (including operating data) of the Institution, of the type included in the final Official Statement for the Bonds, including but not limited to audited financial statements of the Institution for the most recent prior Fiscal Year prepared in accordance with generally accepted accounting principles (or describing any exceptions therefrom) and the information set forth in the Continuing Disclosure Agreement. The Institution shall take all actions and furnish any other information necessary to comply with the Rule and the Continuing Disclosure Agreement.

REPRESENTATIONS OF INSTITUTION

7.1. Tax Law Representations. The Institution represents that: (i) it and each Project User is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law and that neither it nor any Project User is a "private foundation" as defined in the Code; (ii) it and each Project User has received a letter or letters from the Internal Revenue Service to such effect; (iii) such letter or letters have not been modified, limited or revoked; (iv) it and each Project User is in compliance with all terms, conditions and limitations, if any, contained in each such letter; (v) the facts and circumstances which formed the basis of such applicable letter as represented to the Internal Revenue Service continue to substantially exist; (vi) it and each Project User is exempt from Federal income taxes under Section 501(a) of the Code; and (vii) it has adopted written procedures or guidelines to ensure that the Bonds will remain in compliance with Federal tax requirements after the issuance of the Bonds.

7.2. Securities Law Representations. The Institution represents that it is an organization organized and operated: (i) exclusively for educational or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended.

7.3. The Premises. The Institution represents that the Premises currently comply (except as set forth in the Hazardous Substance Agreements) in all material respects, with all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations.

7.4. Compliance with Law. The Institution represents that it is in compliance with all federal, state and local laws, regulations and ordinances relating to its business, the Project, the Premises, and its

facilities including, but not limited to, the Employee Retirement Income Security Act of 1974, as amended, and all Equal Employment Opportunity Laws and other applicable laws and regulations relating to nondiscrimination in employment and employment opportunities, except for such non-compliance as would not materially adversely affect the Institution.

7.5. Eligible Borrower. The Institution represents that it is a "participating qualified nonprofit organization" under the Act.

7.6. Compliance with CGS Sections 4a-60 and 4a-60a.

(a) CGS Section 4a-60. In accordance with Connecticut General Statutes Section 4a-60(a)(1), as amended, and to the extent required by Connecticut law, the Institution agrees and warrants as follows: (1) in the performance of this Loan Agreement it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Institution that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut and further to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Institution that such disability prevents performance of the work involved; (2) in all solicitations or advertisements for employees placed by or on behalf of the Institution, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission on Human Rights and Opportunities (the "CHRO"); (3) to provide each labor union or representative of workers with which the Institution has a collective bargaining agreement or other contract or understanding and each vendor with which the Institution has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Institution's commitments under Connecticut General Statutes Section 4a-60, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) to comply with each provision of Connecticut General Statutes Sections 4a-60, 46a-68e and 46a-68f and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Sections 46a-56, 46a-68e and 46a-68f; (5) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Institution as relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (6) to include provisions (1) through (5) of this Section in every subcontract or purchase order entered into by the Institution in order to fulfill any obligation of this Loan Agreement, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60.

(b) CGS Section 4a-60a. In accordance with Connecticut General Statutes Section 4a-60a(a)(1), as amended, and to the extent required by Connecticut law, the Institution agrees and warrants as follows: (1) that in the performance of this Loan Agreement, the Institution will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) to provide each labor union or representative of workers with which the Institution has a collective bargaining agreement or other contract or understanding and each vendor with which the Institution has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Institution's commitments under Connecticut General Statutes Section 4a-60a, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) to comply with each provision of Connecticut General Statutes Section 4a-60a and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Section 46a-56; (4) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Institution which relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (5) to include provisions (1) through (4) of this Section in every subcontract or purchase order entered into by the Institution in order to fulfill any obligation of this Loan Agreement, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by

regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60a.

(c) Required Submissions. The Institution agrees and warrants that (1) it has delivered to the Authority an affidavit signed under penalty of false statement by a chief executive officer, president, chairperson, member, or other corporate officer duly authorized to adopt a corporate or company policy in the form attached as Attachment B to this Loan Agreement; (2) if there is a change in the information contained in the most recently filed affidavit, the Institution will submit an updated affidavit not later than the earlier of the execution of a new contract with the State or a political subdivision of the State or thirty days after the effective date of such change; and (3) the Institution will deliver an affidavit to the Authority annually, not later than fourteen days after the twelve-month anniversary of the most recently filed affidavit, stating that the affidavit on file with the Authority is current and accurate.

7.7. Compliance with CGS Section 9-612(g)(2). For all State contracts as defined in P.A. 07-1 having a value in a calendar year of $50,000 or more or a combination or series of such agreements or contracts having a value of $100,000 or more, the Institution's authorized signatories to this Loan Agreement expressly acknowledge receipt of the State Elections Enforcement Commission's notice advising State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See Exhibit A to this Loan Agreement - Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations.

7.8. Certificate of Need. The Institution represents that (i) a certificate of need for the operation of the Premises has been received by the Institution or the applicable Project User and duly approved by the Connecticut Office of Health Care Access, (ii) under the terms of such certificate of need, the applicable Project User has been authorized to construct and equip the Project, (iii) such certificate of need is in full force and effect and has not been revoked, and (iv) the applicable Project User is in material compliance with all the terms and conditions set forth therein.

EVENTS OF DEFAULT; REMEDIES

8.1. Events of Default. As used herein an "Event of Default" exists if any of the following occurs and is continuing:

(a) **Principal, Interest, Premium, etc.** Failure by the Institution to make when due any payment required under subsection (a), (b), (c), (d) or (e) of Section 2.2 hereof or failure by the Institution to pay in full any payment of principal of or interest on the Note when due; or

(b) **Other Payments**. Failure by the Institution to pay when due any amount required to be paid under this Loan Agreement (other than any amount referred to in subsection (a), (b), (c), (d) or (e) of Section 2.2 hereof or any amount of principal of or interest due on the Note), which failure continues for a period of ten (10) days; or

(c) **Covenants, Representations, etc.** Failure by the Institution to observe and perform any covenant, condition or agreement in the Institution Documents (other than the Continuing Disclosure Agreement or under Section 6.3 hereof) on its part to be observed or performed, or failure of any representation made by the Institution in the Institution Documents (other than the Continuing Disclosure Agreement or under Section 6.3 hereof) to be correct in all material respects, which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Institution by the Trustee or the Master Trustee or to the Institution, the Trustee and the Master Trustee by the Authority; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 60-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, in the sole judgment of the Authority, the Institution shall in good faith commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(d) **Default Under Other Agreements.** An event of default shall have occurred under the Master Indenture, under the Credit Facility Documents (with respect to which the Credit Facility Provider directs the acceleration of Bonds enhanced by the Credit Facility issued by such Credit Facility Provider), under the Liquidity Facility Documents (with respect to which the Liquidity Facility Provider directs the acceleration of Bonds enhanced by the Liquidity Facility issued by such Liquidity Facility Provider), or under any agreement or lease (after the expiration of any applicable grace periods) to which the Authority and the Institution are parties; or

(e) **Indenture Event of Default.** An Event of Default (as defined in the Indenture) shall have occurred under the Indenture.

8.2. Remedies. (a) Upon the occurrence and continuance of any Event of Default hereunder and further upon the condition that, in accordance with the terms of the Indenture, the Bonds shall have been declared to be immediately due and payable pursuant to any provision of the Indenture, the loan payments required by subsections (a), (b), (c) and (d) of Section 2.2 hereof and the payments required by the Note shall, without further action, become and be immediately due and payable.

(b) Upon the occurrence and continuance of any Event of Default hereunder, the Authority may, and shall at the direction of the Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Trustee shall at the direction of the Authority or the Credit Facility Provider, subject to the terms of the Indenture, take any action at law or in equity to collect any payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Institution hereunder or to protect the interests securing the same, and the Authority may, and shall at the direction of the Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Trustee shall at the direction of the Authority or the Credit Facility Provider, without limiting the generality of the foregoing, exercise any or all rights and remedies given hereby or available hereunder and may take any action at law or in equity to collect any payments then due or thereafter to become due, or to enforce performance of any obligation, agreement or covenant of the Institution hereunder or under the Note.

(c) Any amounts collected from the Institution pursuant to this Section 8.2 shall be applied in accordance with the Indenture.

(d) The Authority and the Institution agree that, upon the occurrence of an Event of Default, while the Authority does not have the right of foreclosure, the Authority may pursue any such remedies as are available to it hereunder and under Connecticut law.

(e) Upon the occurrence and continuance of any Event of Default hereunder, any and all amounts due hereunder may be declared by the Authority to be immediately due and payable whether or not the Bonds shall have been declared to be due and payable; provided that if the Bonds have been declared to be due and payable in accordance with the terms of the Indenture, the amounts due hereunder under subsections (a), (b), (c) and (d) of Section 2.2 hereof shall, as provided in Section 8.2(a) above, without further action, become and be immediately due and payable.

8.3. Remedies Not Exclusive. All rights and remedies herein given or granted to the Authority are cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or be given by reason of any law, statute, ordinance or otherwise.

MISCELLANEOUS

10.2. Amendment. Subject to Section 4.1(h) hereof, the Authority hereby reserves the right, together with the Institution, with the consent of the Trustee (given at the direction of the Authority, but the Trustee need not consent if the Trustee's duties, obligations or liabilities are affected thereby) and the Credit Facility Provider and to the extent permitted by Section 6.5 of the Indenture: (i) to amend or modify the terms of this Loan Agreement, and the Note in any respect consistent with the Act, (ii) to extend the term of the Loan Agreement or the Note or the time for making any payment hereunder or thereunder, or (iii) to continue to make construction advances

after the initial completion date for the Project. The Institution covenants and agrees to send a copy of each amendment or modification of this Loan Agreement and the Note to the Trustee, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any.

10.8. Waivers and Consents by Authority. The Authority reserves the right to give its consent or waiver of any provision of this Loan Agreement, without the consent of the Bondowners, but with the consent of the Credit Facility Provider if the Credit Facility Provider is not in default of its obligations under the Credit Facility, and with the consent of the Liquidity Facility Provider if the Liquidity Facility Provider is not in default of its obligations under the Liquidity Facility, provided such consent or waiver does not cause the Authority to violate any of its covenants or agreements under the Indenture, and provided further that the Authority shall not waive any provision of Section 9.3 of this Loan Agreement without the prior written consent of the Trustee. Any waiver, consent, notice or request authorized to be given by the provisions of this Loan Agreement shall be given by an Authorized Officer of the Authority in writing.

10.11. Compliance with Conn. Public Act 01-184. This Loan Agreement, and any other Institution Document, application, agreement, financial statement, certificate or other writing executed, or submitted to the Authority by the Institution in connection with the loan extended to the Institution hereunder and the issuance of the Bonds under the Indenture, and which provides information on which the decision of the Authority was based to enter into this Loan Agreement and to issue its Bonds, is executed and/or was submitted by the Institution under penalty of false statement as provided in Connecticut General Statutes Section 53a-157b. This certification is provided by the Institution pursuant to Connecticut Public Act 01-184.

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YALE NEW HAVEN HEALTH OBLIGATED GROUP

MASTER TRUST INDENTURE
(Security Agreement)

among

YALE-NEW HAVEN HEALTH SERVICES CORPORATION,
YALE-NEW HAVEN HOSPITAL, INC.,
BRIDGEPORT HOSPITAL,
BRIDGEPORT HOSPITAL FOUNDATION, INC.,
NORTHEAST MEDICAL GROUP, INC.,
YALE-NEW HAVEN CARE CONTINUUM CORPORATION,

and

Such Other Entities That May Join the Obligated Group

and

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

Dated as of February 1, 2013
and
Effective on June 23, 2014

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MISCELLANEOUS

This is a **MASTER TRUST INDENTURE** dated as of February 1, 2013, and effective on June 23, 2014 (the "Master Indenture") among **YALE-NEW HAVEN HEALTH SERVICES CORPORATION**, a Connecticut nonprofit corporation ("YNHHS"), **YALE-NEW HAVEN HOSPITAL, INC.**, a Connecticut nonprofit corporation ("Yale-New Haven Hospital"), **BRIDGEPORT HOSPITAL**, a Connecticut nonprofit corporation ("Bridgeport Hospital"), **BRIDGEPORT HOSPITAL FOUNDATION, INC.**, a Connecticut nonprofit corporation ("BH Foundation"), **NORTHEAST MEDICAL GROUP, INC.**, a Connecticut nonprofit corporation ("NEMG"), **YALE-NEW HAVEN CARE CONTINUUM CORPORATION**, a Connecticut nonprofit corporation ("Care Continuum"), as the current Members of the Obligated Group hereinafter referred to, any future Member of the Obligated Group, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly established, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, as master trustee (the "Master Trustee").

RECITALS:

YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum and any other future Members of the Obligated Group are each authorized by law, and each deems it necessary and desirable that it and any other Members of the Obligated Group be able to issue promissory notes, guarantees and other evidences of indebtedness or to evidence or secure other financial obligations (collectively, as defined herein, the "Obligations") of several series in order to secure the financing or refinancing of health care and other facilities and for other lawful and proper corporate purposes of the Members of the Obligated Group and the corporate purposes of the Yale-New Haven Health System (as hereinafter defined) of which the Members of the Obligated Group are or shall be a part.

YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum desire to provide in this Master Indenture for other legal entities in the future to become jointly and severally liable with YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum and any other Member of the Obligated Group, for the payment of the Obligations and the performance of all covenants contained herein. YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum and each other entity incurring such joint and several liability in accordance with the terms hereof are herein referred to individually as a "Member" and collectively as the "Members" or the "Obligated Group."

All acts and things necessary to constitute these presents a valid indenture and agreement according to its terms have been done and performed, and the execution of this Master Indenture has in all respects been duly authorized, and YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum and any other Members of the Obligated Group, in the exercise of the legal right and power vested in them, execute this Master Indenture, and YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum, any other Members of the Obligated Group or any future Member of the Obligated Group may make, execute, issue and deliver one or more Obligations of various series.

In order to declare the terms and conditions upon which Obligations of each series are authenticated, issued and delivered, and in consideration of the premises, of the purchase and acceptance of Obligations of each series by the holders thereof and of the sum of One Dollar to it duly paid by the Master Trustee at the execution of these presents, the receipt whereof is hereby acknowledged, YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum and each future Member covenant and agree with the Master Trustee, for the equal and proportionate benefit of the respective holders from time to time of Obligations of each series, as follows:

ARTICLE I

DEFINITIONS

Section 101. Definitions. In addition to the words and terms elsewhere defined in this Master Indenture, the following words and terms as used in this Master Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Affiliate" means a corporation, limited liability company, partnership, joint venture, association, business trust or similar entity (a) which is controlled directly or indirectly by a Member; or (b) a majority of the members of the Directing Body of which are members of the Directing Body of a Member. For the purposes of this definition, control means with respect to: (a) a corporation having stock, the ownership, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation; (b) a not for profit corporation not having stock, having the power to elect or appoint, directly or indirectly, a majority of the members of the Directing Body of such corporation; or (c) any other entity, the power to direct the management of such entity through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Directing Body, by contract or otherwise. For the purposes of this definition, *"Directing Body"* means with respect to: (a) a corporation having stock, such corporation's board of directors and the owners, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporation's directors (both of which groups shall be considered a Directing Body); (b) a not for profit corporation not having stock, such corporation's members if the members have complete discretion to elect the corporation's directors, or the corporation's directors if the corporation's members do not have such discretion; and (c) any other entity, its governing board or body. For the purposes of this definition, all references to directors and members shall be deemed to include all entities performing the function of directors or members however denominated.

"Ancillary Obligation" means an Obligation, expressly identified as an Ancillary Obligation in such Obligation, in a Supplemental Master Indenture or in an Officer's Certificate delivered to the Master Trustee, as being entered into in order to evidence or secure financial obligations of a Member in an agreement that is ancillary to any direct Indebtedness, such as a reimbursement agreement, liquidity agreement, standby bond purchase agreement, bond insurance or credit enhancement agreement, rate maintenance agreement or similar agreement, unless and until and to the extent any such agreement constitutes a direct obligation of a Member to repay money borrowed, credit extended or the equivalent thereof, at which time such Obligation shall be deemed a Debt Obligation.

"Balloon Indebtedness" means (1) Long-Term Indebtedness, twenty-five percent (25%) or more of the initial principal amount of which Long-Term Indebtedness matures (or is payable at the option of the holder) in any twelve month period, if such twenty-five percent (25%) or more is not to be amortized to below twenty-five percent (25%) by mandatory redemption prior to such twelve month period, or (2) any portion of an issue of Indebtedness which, if treated as a separate issue of Long-Term Indebtedness, would meet the test set forth in clause (1) of this definition and which Indebtedness is designated as Balloon Indebtedness in an Officer's Certificate stating that such portion shall be deemed to constitute a separate issue of Balloon Indebtedness.

"BH Foundation" means Bridgeport Hospital Foundation, Inc., a Connecticut nonprofit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"Bondholder," "holder of the Bonds" or ***"owner of the Bonds"*** means the registered owner of any Related Bond.

"Bond Index" means, at the option of the Obligated Group Agent as directed by an Officer's Certificate, either (i) the 30-year Revenue Bond Index published most recently by The Bond Buyer, or a comparable index if such Revenue Bond Index is not so published, (ii) the SIFMA Index, or (iii) such other interest rate or interest index as may be certified in writing to the Master Trustee as appropriate to the situation by the Obligated Group Agent and is reasonably acceptable to the Master Trustee.

"Book Value," when used with respect to Property, means the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent consolidated audited financial statements of the Obligated Group, which have been prepared in accordance with GAAP, provided that such aggregate value shall be calculated in such a manner so that no portion of the value of any Property of any Member of the Obligated Group, as the case may be, is included more than once.

"Bridgeport Hospital" means Bridgeport Hospital, a Connecticut nonprofit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in the State of Connecticut or the State of New York are authorized or required by law to close or (b) a day on which the New York Stock Exchange is closed.

"Capitalized Interest" means amounts irrevocably deposited in escrow to pay interest on Long-Term Indebtedness or Related Bonds and interest earned on amounts irrevocably deposited in escrow to the extent such interest earned is required to be applied to pay interest on Long-Term Indebtedness or Related Bonds.

"Capitalized Lease" means any lease of real or personal property which, in accordance with GAAP, is required to be capitalized on the balance sheet of the lessee; provided, however, that no lease between a Member of the Obligated Group and either another Member of the Obligated Group or a System Member shall be considered a Capitalized Lease.

"Capitalized Rentals" means, as of the date of determination, the amount at which the aggregate Net Rentals due and to become due under a Capitalized Lease under which a Person is a lessee would be reflected as a liability on a balance sheet of such Person.

"Care Continuum" means Yale-New Haven Care Continuum Corporation, a Connecticut nonprofit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"Cash Management System" means a cash management system established and operated by YNHHS or its delegate for the benefit of some or all of the System Members; provided that such cash management system (i) must provide that any funds of an Obligated Group Member deposited under such cash management system must remain the unencumbered property of such Member; and (ii) must not authorize or allow loans or advances of any funds held under the cash management system that are owned by an Obligated Group Member to a Person that is not a Member of the Obligated Group**.**

"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 and proposed regulations, relating to such section which are applicable to the Related Bonds or the use of the proceeds thereof.

"Completion Indebtedness" means any Indebtedness incurred for the purpose of financing the completion of constructing or equipping Facilities for the construction or equipping of which some Indebtedness has theretofore been incurred in accordance with the provisions of the Master Indenture, to the extent necessary to provide a completed and equipped facility of the type and scope contemplated at the time, and in accordance with the general plans and specifications for such facility as originally prepared with only such changes as have been made in conformity with the documents pursuant to which such Indebtedness was originally incurred, including funding debt service reserve funds related thereto.

"Consultant" means a professional consulting, financial advisory, accounting, investment banking or commercial banking firm selected by the Obligated Group Agent and not unacceptable to the Master Trustee, having the skill and experience necessary to render the particular report required and having a favorable and nationally recognized reputation for such skill and experience, which firm does not control any Member of the Obligated Group and is not controlled by or under common control with any Member of the Obligated Group.

"Control" means being, directly or indirectly, the sole member or sole stockholder of the subject entity, or having the legal power, directly or indirectly, to (a) elect or cause the election of a majority of the Governing Body of the subject entity, or (b) direct or cause the direction of the subject entity's operations, assets or management, whether the foregoing power(s) exist(s) through voting securities, other voting rights, reserved powers, contract rights, or other legally enforceable means.

"Counsel" means an attorney duly admitted to practice law in any state of the United States and, without limitation, may include legal counsel for any Member or the Master Trustee.

"Current Assets" means cash and cash equivalent deposits, marketable securities, accounts receivable, accrued interest receivable and any other assets of a Person ordinarily considered current assets under GAAP.

"Current Value" means the estimated fair market value of Property, which fair market value shall be evidenced by an Officer's Certificate delivered to the Master Trustee.

"Debt Obligation" means an Obligation issued to secure or evidence any Indebtedness, including but not limited to a Guaranty, authorized to be issued by a Member pursuant to this Master Indenture that has been authenticated by the Master Trustee pursuant to Section 204 hereof.

"Debt Service Requirements" means, with respect to the 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 Outstanding Long-Term Indebtedness of each Person or a group of Persons with respect to which calculated; provided that: (a) interest shall be excluded from the determination of the Debt Service Requirements to the extent that Capitalized Interest is available to pay such interest; (b) principal of Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal; (c) in the case of any Guaranty, the principal of (and premium, if any) and interest and other debt service charges on the debt that is guaranteed for the period of time for which Debt Service Requirements are calculated shall be weighted in the calculation of Debt Service Requirements as provided in Section 410(b)(9) hereof with respect to any Permitted Guaranty; (d) to the extent that interest on any Indebtedness is the subject of or related to any Hedging Obligation, the Obligated Group at its option may determine from time to time whether or not to treat such interest payments due on Indebtedness as being equal to the net amounts paid and received by the Obligated Group pursuant to such Hedging Obligation; and (e) to the extent that interest on any Indebtedness is the subject of or related to any rate maintenance agreement or other similar agreement, the Obligated Group at its option may determine from time to time whether or not to treat such interest payments due on Indebtedness as being equal to the net amount paid and received by the Obligated Group pursuant to such rate maintenance agreement or other similar agreement.

"Discount Indebtedness" means Indebtedness sold to the original purchaser thereof (other than any underwriter or other similar intermediary) at a discount from the par amount of such Indebtedness.

"Escrow Securities" means, (i) with respect to any Obligation which secures a series of Related Bonds, the securities permitted to be used to refund or advance refund such series of Related Bonds under the Related Bond Indenture, or (ii) with respect to any other Obligation, those securities identified as such in the Supplemental Master Indenture pursuant to which such Obligations were issued.

"Expenses" means, for any period, the aggregate of all expenses calculated under GAAP, including without limitation any taxes, incurred by the Person or group of Persons involved during such period, minus or before (or adding back) interest on Long-Term Indebtedness, depreciation, amortization, and payments on Obligations to the extent such payments are treated as an expense; provided that no calculation of Expenses shall take into account: (a) any unrealized loss resulting from changes in the value of, investment securities, including, but not limited to, any unrealized other-than-temporary impairment loss that is recognized in accordance with GAAP, (b) extraordinary or nonrecurring expenses or losses (including without limitation any losses on the sale or other disposition of assets or facilities not in the ordinary course of business), (c) any losses on the extinguishment of Indebtedness (including any termination payments made on Hedging Obligations or other hedges or derivatives related to or integrated with the Indebtedness being extinguished), (d) any expenses resulting from a forgiveness of, or the establishment of reserves against, Indebtedness of an Affiliate which does not constitute an extraordinary expense, (e) any losses resulting from discontinued operations or any reappraisal, revaluation or write-down of any asset, facility or good-will, and any loss or expense resulting from adjustments to prior periods, (f) any unrealized losses on or related to, including marking to market, any Hedging Obligations or other hedges or derivatives, (g) any accounting reserves or losses or expenses or other items that would be considered by the Obligated Group Agent to

be non-cash items of the Person or group of Persons involved, and (h) if such calculation is being made with respect to the Obligated Group, any losses or expenses attributable to transactions between any Member of the Obligated Group and any other Member of the Obligated Group.

"Event of Default" means any one or more of those events set forth in Section 501 of this Master Indenture.

"Facilities" means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Uniform Commercial Code or equivalent statute in effect in the state where such fixtures or equipment are located) of a Person.

"Fiscal Year" means any twelve-month period beginning on October 1 of any calendar year and ending on September 30 of such calendar year or such other consecutive twelve-month period selected by the Obligated Group Agent as the fiscal year for the Obligated Group and designated from time to time in writing by the Obligated Group Agent to the Master Trustee; for purposes of making historical calculations or determinations set forth in this Master Indenture on a Fiscal Year basis, or for purposes of combinations or consolidation of accounting information, with respect to those entities whose actual fiscal year is different from that designated above, the actual fiscal year of such entities which ended within the Fiscal Year of the Obligated Group shall be used; provided, however, that for purposes of making any calculations or determinations as set forth in this Master Indenture, the Obligated Group Agent may designate in writing to the Master Trustee as the "Fiscal Year" any twelve-month period. Whenever the Master Indenture refers to a Fiscal Year of a specific entity, such reference shall be to the actual fiscal year adopted by such entity.

"Future Test Period" means the two full Fiscal Years immediately following the computation then being made, or, if such computation is then being made in connection with the provision of funds for capital improvements, following completion of the capital improvements then being financed.

"GAAP" means generally accepted accounting principles as applied in the United States of America.

"Governing Body" means the board of directors, board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested or an executive committee of such board or any duly authorized committee of that board to which the relevant powers of that board have been lawfully delegated.

"Gross Revenues" means all revenues, rents, profits, receipts, benefits, royalties, and income of any Member arising from services provided by Members or arising in any manner with respect to, incident to or on account of the Members' operations, including, without limitation, (i) the Members' rights under agreements with insurance companies, Medicare, Medicaid, governmental units and prepaid health organizations, including health care insurance receivables and rights to Medicare and Medicaid loss recapture under applicable regulations to the extent not prohibited by applicable law, rules or regulations; (ii) gifts, grants, bequests, donations, contributions and pledges to any Member; (iii) insurance proceeds of any kind, and any award, or payment in lieu of an award, resulting from condemnation proceedings; and (iv) all proceeds from the sale or other transfer of any goods, inventory and other tangible and intangible property, and all rights to receive the foregoing, whether now owned or hereafter acquired by any Member and regardless of whether generated in the form of accounts, accounts receivable, contract rights, chattel paper, documents, general intangibles, instruments, investment property, proceeds of insurance and all proceeds of the foregoing; excluding, however, gifts, grants, bequests, donations, contributions and pledges to any Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with its use for payments required under this Master Indenture or on any Obligations or Indebtedness. Gross Revenues shall not include cash, cash equivalents, investment securities, endowment funds or permanently or temporarily restricted assets from time to time on hand with a Member, or the proceeds thereof, except to the extent derived from Gross Revenues received after the occurrence of an Event of Default under Section 501(a) hereof that gives rise to the requirement that Gross Revenues be deposited into the Gross Revenues Account under Section 208 of this Master Indenture.

"Gross Revenues Account" means the account of that name established pursuant to Section 208 of this Master Indenture.

"Guaranty" means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness or other obligation of any Primary Obligor in any manner, whether directly or indirectly including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Person: (l) to purchase such Indebtedness or obligation or any Property constituting security therefor; (2) to advance or supply funds to the Primary Obligor: (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition for a Primary Obligor (provided that no obligation under a Cash Management System shall be deemed to constitute a Guaranty); (3) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (4) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof. For purposes of this definition, a guaranty by one or more Members of the Obligated Group of Indebtedness of one or more other Members of the Obligated Group shall not be considered a Guaranty.

"Hedging Obligation" means an Obligation, expressly identified as a Hedging Obligation in such Obligation, in a Supplemental Master Indenture or in an Officer's Certificate delivered to the Master Trustee, as being entered into in order to hedge the interest payable on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, a basis swap, a yield curve swap, a currency swap, a forward or futures contract or an option (*e.g.*, a call, put, cap, floor or collar) and which arrangement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

"Historic Test Period" means, at the option of the Obligated Group Agent, either (i) any twelve (12) consecutive calendar months out of the most recent period of eighteen (18) full calendar months, or (ii) the most recent period of twelve (12) full consecutive calendar months for which audited financial statements of the Obligated Group are available, or (iii) the most recent Fiscal Year of the Obligated Group.

"Income Available for Debt Service" means, for any period, the excess of Revenues over Expenses of the Person or group of Persons involved; provided, that the term "Income Available for Debt Service" shall also include twenty percent (20%) of the Income Available for Debt Service of any Person that has outstanding Indebtedness (the terms in this proviso being applicable as if such Person were a Member of the Obligated Group) that is guaranteed by the Obligated Group or any Member of the Obligated Group pursuant to any Permitted Guaranty (but only so long as (A) (i) such Person's Long-Term Indebtedness is rated at the time of such calculation at least as high as the ratings on the Obligated Group's Long-Term Indebtedness; or (ii) such Person has a Long-Term Debt Service Coverage Ratio for the Historic Test Period of at least 1.20 to 1, and (B) the Obligated Group has not been required to make payments on such Permitted Guaranty during the twenty-four (24) months preceding the date of any such calculation).

"Indebtedness" means, for any Person, (a) indebtedness incurred or assumed by such Person for borrowed money or for the acquisition, construction or improvement of Property other than goods that are acquired in the ordinary course of business of such Person and other than goods and services acquired pursuant to System Shared Services Agreements; (b) Capitalized Rentals or Capitalized Lease obligations of such Person; and (c) all Guaranties by such Person (weighted, with respect to Permitted Guarantees, as provided in Section 410(b)(9) hereof), and shall include Non-Recourse Indebtedness; provided that Indebtedness shall not include Indebtedness of one Member to another Member, any Guaranty by any Member of Indebtedness of any other Member, the joint and several liability of any Member on Indebtedness issued by another Member, any Hedging Obligation, any Ancillary Obligation, any contractual obligation under a Cash Management System not in the nature of debt for borrowed money, or any obligation to repay moneys deposited by patients or others with a Member as security for or as prepayment of the cost of patient care or any rights of residents of life care, elderly housing or similar facilities to endowment or similar funds deposited by or on behalf of such residents.

"Lien" means any mortgage, lease or pledge of, security interest in or lien, charge, restriction or encumbrance on any Property of the Person involved, including, but not limited to, any mortgage or pledge of, security interest in or Lien on any Property of a Member that secures any Indebtedness, any Obligation or any other obligation of a Member.

"Long-Term Debt Service Coverage Ratio" means, for any period of time, the ratio determined by dividing (i) Income Available for Debt Service of the Obligated Group for that period by (ii) the Debt Service

Requirements on Long-Term Indebtedness of the Obligated Group; provided that when such calculation is being made with respect to the Obligated Group, Income Available for Debt Service and Debt Service Requirements shall be determined only with respect to those Persons who are Members of the Obligated Group at the close of such period.

"Long-Term Indebtedness" means, with respect to any Person, (a) all Indebtedness of such Person for money borrowed or credit extended which is not Short-Term; (b) all Indebtedness of such Person incurred or assumed in connection with the acquisition or construction of Property which is not Short-Term; (c) the Person's Guaranties of Indebtedness which are not Short-Term; and (d) Capitalized Rentals under Capitalized Leases entered into by the Person which are not Short-Term; provided, however, that Indebtedness that could be described by more than one of the foregoing categories shall not in any case be considered more than once for the purpose of any calculation made pursuant to this Master Indenture.

"Master Indenture" means this Master Trust Indenture, dated as of February 1, 2013, and effective on June 23, 2014, among YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum, any other Members of the Obligated Group, and the Master Trustee, as it may from time to time be further amended or supplemented in accordance with the terms hereof.

"Master Trustee" means U.S. Bank National Association, or any successor trustee under the Master Indenture.

"Material Obligated Group Member" means any Obligated Group Member whose total revenues as set forth on its financial statements for the most recently completed Fiscal Year for such Member exceed 5% of the combined total revenues of the Obligated Group as set forth on the combined financial statements for the most recently completed Fiscal Year of the Obligated Group.

"Maximum Annual Debt Service" means, at the time of computation, the greatest Debt Service Requirements on Long-Term Indebtedness for the then current or any future Fiscal Year.

"Member" or ***"Member of the Obligated Group"*** means YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum and any Person who is listed on Exhibit A hereto after designation as a Member of the Obligated Group pursuant to the terms of this Master Indenture. The Obligated Group Agent may from time to time deliver a revised Exhibit A to the Master Trustee, indicating additions or deletions of Members of the Obligated Group in accordance with the terms of this Master Indenture.

"NEMG" means Northeast Medical Group, Inc., a Connecticut nonprofit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"Net Assets" means (i) for a Person that is a Tax-Exempt Organization, the aggregate net assets of such Person, and (ii) for a Person that is not a Tax-Exempt Organization, the shareholders' equity or member's equity of such Person, in each case as determined in accordance with GAAP.

"Net Proceeds" means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award less all expenses (including attorney's fees and expenses, adjuster's fees and any expenses of the Master Trustee) incurred in the collection of such gross proceeds.

"Net Rentals" means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the Property other than upon termination of the lease for a default thereunder) payable under a lease or sublease of real or personal Property excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, utilities, insurance, taxes and similar charges. Net Rentals for any future period under any so-called "percentage lease" shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; provided that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

"Non-Recourse Indebtedness" means any Indebtedness the liability for which is effectively limited to Property, Plant and Equipment and the income therefrom, the cost of which Property, Plant and Equipment shall have been financed solely with the proceeds of such Indebtedness with no recourse, directly or indirectly, to any other Property of any Member or to the general credit of any Member.

"Obligated Group" means YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum and any other Person which has fulfilled the requirements for entry into the Obligated Group set forth in Section 403 hereof and which has not ceased such status pursuant to Section 404 hereof.

"Obligated Group Agent" means YNHHS or such other Member (or Person that is not a Member) as may be designated from time to time pursuant to written notice to the Master Trustee, executed by an authorized officer of YNHHS or, if YNHHS is no longer a Member of the Obligated Group, of each Member of the Obligated Group.

"Obligation holder," "holder of an Obligation" or ***"owner of an Obligation"*** means the registered owner of any fully registered or book entry Obligation unless alternative provision is made in the Supplemental Master Indenture pursuant to which such Obligation is issued for establishing ownership of such Obligation, in (including any Debt Obligations, Hedging Obligations, or Ancillary Obligations) which case such alternative provision shall control.

"Obligations" means any evidence of an obligation (including any Debt Obligations, Hedging Obligations, or Ancillary Obligations) authorized to be issued by a Member pursuant to this Master Indenture which has been authenticated by the Master Trustee pursuant to Section 204 hereof.

"Officer's Certificate" means a certificate signed, in the case of a certificate delivered by or on behalf of the Obligated Group, by the President or any Vice-President or any other authorized officer of the Obligated Group Agent on behalf of the Obligated Group Agent.

"Operating Expenses" means the total operating expenses of the Obligated Group, as determined in accordance with GAAP consistently applied.

"Operating Revenues" means the total operating revenues of the Obligated Group, less applicable deductions from operating revenues, as determined in accordance with GAAP consistently applied.

"Outstanding" means, in the case of any Obligations, any Indebtedness, or any Related Bonds, all Obligations, all Indebtedness or all Related Bonds, as the case may be, except:

(1) Obligations, Indebtedness or Related Bonds canceled after purchase in the open market or after payment at or prepayment or redemption prior to maturity;

(2) Obligations, Indebtedness or Related Bonds for the payment or redemption of which cash or non-callable Escrow Securities, or a combination thereof, have been deposited with the Master Trustee, the lender or a trustee or fiduciary for such lender, or the Related Bond Trustee, as applicable (whether upon or prior to their maturity or redemption date thereof) in an amount that is sufficient to pay the amounts due thereon; provided that if such Obligations, Indebtedness or Related Bonds are to be prepaid or redeemed prior to their maturity, notice of prepayment or redemption has been given or irrevocable arrangements satisfactory to the Master Trustee, the lender or a trustee or fiduciary for such lender, or the Related Bond Trustee, as applicable, have been made therefor, or waiver of such notice by the Person entitled to such notice has been provided;

(3) Obligations, Indebtedness or Related Bonds in lieu of which other instruments or securities have been authenticated and delivered; and

(4) For the purpose of all consents, approvals, waivers and notices required to be obtained or given under this Master Indenture, any relevant loan document relating to Indebtedness, or any Related

Bond Indenture, as applicable, Obligations, Indebtedness or Related Bonds held or owned by a Member of the Obligated Group.

Notwithstanding the foregoing, any Obligation or other Indebtedness securing Related Bonds shall be deemed Outstanding only if such Related Bonds are Outstanding.

"Permitted Dispositions" means dispositions of Property permitted by Section 411 of the Master Indenture.

"Permitted Encumbrances" means, as of any particular time:

(a) any Lien on Property acquired subject to an existing Lien, if at the time of such acquisition, the aggregate amount remaining unpaid on the Indebtedness secured thereby (whether or not assumed by a Member of the Obligated Group) does not exceed the fair market value or (if such Property has been purchased) the lesser of the acquisition price or the fair market value of the Property subject to such Lien, as determined in good faith by the Obligated Group Agent;

(b) any Lien on any Property granted in favor of or securing Indebtedness to any Member;

(c) (i) any Lien on Property if such Lien equally and ratably secures all of the Obligations; and (ii) the Lien on Gross Revenues pledged pursuant to Section 208 hereof.

(d) Liens on or in Property given, granted, bequeathed or devised by the owner thereof existing at the time of such gift, grant, bequest or devise, provided that such Liens secure Indebtedness which is not assumed by a Member of the Obligated Group and such Liens attach solely to the Property (including the income therefrom) which is the subject of such gift, grant, bequest or devise;

(e) Liens on proceeds of Indebtedness (or on income from the investment of such proceeds) pending application to the purposes for which such Indebtedness was incurred, or that secure payment of such Indebtedness and any security interest in any rebate fund established pursuant to the Code, any depreciation reserve, debt service reserve or interest reserve, debt service fund or any similar fund established pursuant to the terms of any Supplemental Master Indenture, Related Bond Indenture or Related Loan Document in favor of the Master Trustee, a Related Bond Trustee, a Related Issuer or the holder of the Indebtedness issued pursuant to such Supplemental Master Indenture, Related Bond Indenture or Related Loan Document or the provider of any liquidity or credit support for such Related Bond or Indebtedness;

(f) Liens on Escrow Securities;

(g) any Lien on any Related Bond or any evidence of Indebtedness of any Member of the Obligated Group acquired by or on behalf of any Member of the Obligated Group by the provider of liquidity or credit support for such Related Bond or Indebtedness;

(h) Liens on accounts receivable (i) arising as a result of the sale or disposition of such accounts receivable in accordance with Section 411(b)(10) hereof with or without recourse, provided that the principal amount of Indebtedness secured by any such Lien does not exceed the aggregate sales price of such accounts receivable received by the Member selling the same by more than twenty percent (20%); or (ii) to secure Indebtedness incurred pursuant to Section 410(b)(16) hereof (in either case the Master Trustee shall cooperate in releasing any accounts receivable from the Lien on Gross Revenues);

(i) Liens on any Property in effect on the effective date of this Master Indenture, including but not limited to those listed on Exhibit B hereto, or existing at the time any Person becomes a Member of the Obligated Group; provided that no such Lien (or the amount of

Indebtedness secured thereby) may be increased, extended, renewed or modified to apply to any Property of such Member of the Obligated Group not subject to such Lien on such date unless such Lien as so increased, extended, renewed or modified is otherwise permitted under this Master Indenture;

(j) Liens on Property of a Person existing at the time such Person is merged into or consolidated with a Member of the Obligated Group, or at the time of a sale, lease or other disposition of the properties of a Person as an entirety or substantially as an entirety to a Member of the Obligated Group which becomes part of a Property that secures Indebtedness that is assumed by a Member of the Obligated Group as a result of any such merger, consolidation or acquisition; provided, that no such Lien may be increased, extended, renewed, or modified after such date to apply to any Property of a Member of the Obligated Group not subject to such Lien on such date unless such Lien as so increased, extended, renewed or modified is otherwise permitted under this Master Indenture;

(k) Liens which secure Non-Recourse Indebtedness incurred pursuant to Section 410(b)(6) hereof;

(l) Liens arising out of (i) leases, installment purchase contracts and other similar borrowing instruments incurred pursuant to Section 410 hereof, including without limitation Indebtedness permitted by Section 410(b)(8) hereof; or (ii) leases between System Members;

(m) Liens on Property, in addition to those Liens permitted elsewhere in this definition of Permitted Encumbrances, if the total aggregate Book Value (or, at the option of the Obligated Group Agent, Current Value) of the Property subject to a Lien of the type described in this subsection (m) does not exceed twenty-five percent (25%) of the combined value of the Property of the Members (calculated on the same basis as the value of Property subject to such Lien and calculated at the time such Lien is granted);

(n) Liens on any Property given (by mortgage, security interest, conveyance in trust, deed, sale, or lease) in order to satisfy the legal or policy requirements of any Related Issuer with respect to their issuance of any Related Bonds;

(o) any Lien on Property or Gross Revenues required by, or resulting from, any lease agreement whereby a Member of the Obligated Group leases a hospital or health care facility or facilities from a governmental unit or units;

(p) any Lien in the nature of a purchase money mortgage if, after giving effect to such Lien, such purchase money mortgage secures an amount not in excess of the cost of the particular asset to which such Lien relates and any related financing charges, where such purchase money mortgage constitutes a Lien on fixed assets acquired or constructed by a Member and granted contemporaneously with such acquisition or construction, and which Lien secures all or a portion of the related purchase price or construction cost of such assets.

(q) any Lien securing any Hedging Obligation that is related to Permitted Indebtedness (including any obligation arising upon the termination of any such Hedging Obligation); and

(r) any Lien that a Member of the Obligated Group is not obligated to remove pursuant to Section 405 of the Master Indenture.

"Permitted Guarantees" means any Guaranty by any Member of the Obligated Group permitted under Section 410(b)(9) of the Master Indenture.

"Permitted Indebtedness" means Indebtedness of any Members of the Obligated Group permitted under Section 410 of the Master Indenture.

"Permitted Investments" means (i) with respect to any Obligation which secures a series of Related Bonds, the obligations in which the Related Bond Trustee may invest funds under the Related Bond Indenture, (ii) with respect to any Obligations for which a Supplemental Master Indenture specifies certain permitted investments, the investments so specified and (iii) in all other cases such legal and prudent investments as are determined by and designated by the Obligated Group Agent.

"Permitted Reorganizations" means any consolidation, merger, sale of assets or reorganization of any Members of the Obligated Group permitted by Section 408 of the Master Indenture.

"Permitted System Lease" means any lease or leases (whether or not required by GAAP to be capitalized on the balance sheet of the lessee) between a Member of the Obligated Group on the one hand and a System Member on the other hand if the Obligated Group Agent determines at the time of execution of such lease that the rent payable to the lessor, on an annualized basis, will exceed or substantially replace the average net revenue that was generated by the lessor from the leased premises during each of the two (2) Fiscal Years prior to the execution of the lease.

"Person" means any natural person, firm, joint venture, joint operating agreement, association, partnership, business trust, corporation, limited liability company, public body, agency or political subdivision thereof or any other similar entity.

"Primary Obligor" means the Person who is primarily obligated on an obligation which is guaranteed by another Person.

"Property" means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired, including but not limited to Gross Revenues.

"Property, Plant and Equipment" means all Property of the Members of the Obligated Group which is classified as property, plant and equipment under GAAP.

"Related Bonds" means (a) any revenue bonds or similar obligations issued by any state, commonwealth or territory 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 an Obligation or Obligations to or upon the order of such governmental issuer and (b) any revenue or general obligation bonds issued by any Member or any other Person in consideration, whether in whole or in part, of the execution, authentication and delivery of an Obligation or Obligations to the holder of such bonds or the Related Bond Trustee.

"Related Bond Indenture" means any indenture, bond resolution or similar instrument pursuant to which any series of Related Bonds is issued.

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

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

"Related Loan Document" means any document or documents (including without limitation any loan agreement, lease, sublease or installment sales contract) pursuant to which any proceeds of any Related Bonds are loaned to, advanced to or made available to or for the benefit of any Member (or any Property financed or refinanced with such proceeds is leased, sublet or sold to a Member).

"Responsible Officer" means an officer in the Corporate Trust Services division of the Master Trustee or any other officer of the Master Trustee customarily performing functions similar to those performed by any of such officers.

"Revenues" means, for any period, (a) in the case of any Person providing health care services, the sum of (i) all gross patient service revenues less contractual allowances plus (ii) all other operating revenues, plus (iii) all non-operating revenues; and (b) in the case of any other Person, gross revenues less sale discounts and sale returns and allowances, as determined in accordance with GAAP; provided that no calculation of Revenues shall take into account: (i) any unrealized gain resulting from changes in the value of investment securities, (ii) extraordinary or nonrecurring gains or revenues (including without limitation any gains on the sale or other disposition of assets or facilities not in the ordinary course of business), provided that for such purpose any revenues that represent payments of incentive payments or shared savings amounts from payors, accountable care organizations or similar entities, any charitable donations and grants and any dividends or other equity distributions from entities in which such Person owns an interest shall not be considered to be extraordinary or non-recurring, (iii) any gains on the extinguishment of Indebtedness (including any termination payments received on Hedging Obligations or other hedges or derivatives related to or integrated with the Indebtedness being extinguished), (iv) any gains resulting from discontinued operations or any reappraisal, revaluation or write-up of any asset, facility or good-will, and any gain or revenue resulting from adjustments to prior periods, (v) any unrealized gains on or related to any Hedging Obligations or other hedges or derivatives, (vi) any revenue or income or other items that would be considered by the Obligated Group Agent to be non-cash items of the Person or group of Persons involved, (vii) earnings which constitute Capitalized Interest or earnings on amounts which are irrevocably deposited in escrow to pay the principal of or interest on Indebtedness); and (viii) if such calculation is being made with respect to the Obligated Group, any gains or revenues attributable to transactions between any Member of the Obligated Group and any other Member of the Obligated Group.

"Short-Term," when used in connection with Indebtedness, means Indebtedness of a Person for money borrowed or credit extended (including without limitation credit extended in connection with the acquisition or construction of Property, Guaranties of Indebtedness and Capitalized Rentals under Capitalized Leases) having an original maturity or term less than or equal to one year and not renewable at the option of the debtor for, or subject to any binding commitment to refinance or otherwise provide for such Indebtedness having, a term greater than one year beyond the date of original issuance.

"SIFMA" means the Securities Industry and Financial Markets Association, any successor thereto, or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Obligated Group Agent.

"SIFMA 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 (the SIFMA Municipal Swap Index), as produced by Municipal Market Data and published or made available by SIFMA, or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Obligated Group Agent, and effective from such date.

"Subordinated Indebtedness" means all obligations incurred or assumed, the payment of which is by its terms specifically subordinated to payments on all Obligations, or the principal of and interest on which would not be paid (whether by the terms of such obligation or by agreement of the obligee) when the Obligations are in default or while bankruptcy, insolvency, receivership or other similar proceedings are instituted and implemented.

"Supplemental Master Indenture" means an indenture amending or supplementing this Master Indenture entered into pursuant to Article VII hereof.

"System Members" means YNHHS and each entity that is under the Control of YNHHS. As of the date hereof, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum are also System Members.

"System Shared Services Agreements" means agreements between or among System Members for the provision of services by or among System Members and the allocation, apportionment or imposition of charges or expenses therefore.

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

"Transaction Test" means the Master Trustee shall have received any one of the following:

(i) an Officer's Certificate demonstrating that the Long-Term Debt Service Coverage Ratio for the Historic Test Period, assuming that the proposed additional Long-Term Indebtedness had been incurred, or that the proposed transaction had occurred, at the beginning of the Historic Test Period, is not less than 1.10; or

(ii) an Officer's Certificate demonstrating (a) that the Long-Term Debt Service Coverage Ratio for the Historic Test Period was not less than 1.10, and (b) that the Long-Term Debt Service Coverage Ratio for the Future Test Period is projected to be not less than 1.10 or, if less, is projected to be greater than such ratio would have been if the proposed transaction had not taken place; or

(iii) an Officer's Certificate demonstrating that immediately after the proposed transaction, the aggregate principal amount of all Outstanding Long-Term Indebtedness of the Members of the Obligated Group (excluding any Guaranty) will not exceed sixty-five percent (65%) of the sum of (a) the aggregate principal amount of all Outstanding Long-Term Indebtedness of the Members of the Obligated Group (excluding any Guaranty) plus (b) the aggregate Net Assets of the Members of the Obligated Group.

"Value" means, as determined by the Obligated Group Agent, the Book Value or the Current Value of all Property, Plant and Equipment, plus the Current Value of all Property (other than Property, Plant and Equipment).

"Variable Rate Indebtedness" means Indebtedness that bears interest at a variable, adjustable or floating rate.

"Yale New Haven Health System" means the system comprised of YNHHS and each entity that is under the Control of YNHHS.

"Yale-New Haven Hospital" means Yale-New Haven Hospital, Inc., a Connecticut nonprofit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"YNHHS" means Yale-New Haven Health Services Corporation, a Connecticut nonprofit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

Section 102. **Interpretation**. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa. Headings of articles and sections herein and the table of contents hereof are solely for the convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. Any reference herein to any officer of a Member of the Obligated Group shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

If any Debt Obligations are issued hereunder to secure Related Bonds, which Related Bonds are valued, in accordance with the provisions of a Related Bond Indenture, at other than their principal amount for purposes of the provisions of such Related Bond Indenture relating to redemption, acceleration, defeasance, computation of Related Bonds Outstanding, application of moneys in payment of the Related Bonds and actions by holders of such Related Bonds, then, for purposes of this Master Indenture, references in this Master Indenture to the principal amount of the Debt Obligations issued to evidence or secure such Related Bonds contained herein shall be

deemed to refer to an amount equal, at any time of calculation, to the valuation of such Related Bonds, at such time of calculation, as set forth in such Related Bond Indenture.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistently applied, except as otherwise stated herein. For the avoidance of doubt, subsidiaries that are consolidated with the financial results of a Member shall be included for all purposes with respect to financial covenants and financial reporting herein. If any change in accounting principles from those used in the preparation of the financial statements of the Obligated Group as of September 30, 2012 results from the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board, American Institute of Certified Public Accountants or other authoritative bodies that determine GAAP (or successors thereto or agencies with similar functions) and such change results in a change in the accounting terms used in this Master Indenture, the accounting terms used herein shall be modified to reflect such change in accounting principles so that the criteria for evaluating the Obligated Group's financial condition shall be the same after such change as if such change had not been made. Any such modification shall be described in an Officer's Certificate filed with the Master Trustee, which shall contain a certification to the effect that (i) such modifications are occasioned by such a change in accounting principles and (ii) such modifications will not have a materially adverse effect on the Obligation holders or result in materially different criteria for evaluating the Obligated Group's financial condition. At the option of the Obligated Group Agent, any requirement for the delivery of the audited or unaudited financial statements of the Obligated Group required to be provided pursuant to Section 409 hereof shall be deemed to be satisfied by the delivery of the consolidated financial statements (i) so long as YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum are the only Members of the Obligated Group, of YNHHS and subsidiaries, or (ii) of any ultimate corporate parent of, and that Controls, the Members of the Obligated Group, so long as such financial statements, in either case, include consolidating schedules specifically reflecting the corresponding figures for the Obligated Group, either for each Obligated Group Member individually or for the Members of the Obligated Group in the aggregate.

ARTICLE II

THE OBLIGATIONS

Section 201. **Series, Designation and Amount of Obligations.** No Obligations may be issued under the provisions of this Master Indenture except in accordance with this Article. Other than the Obligated Group Agent, no authorization or approval of any Member of the Obligated Group is required under this Master Indenture for the issuance of Obligations. No Obligations may be issued under this Master Indenture unless (i) such Obligation is executed by the Obligated Group Agent; or (ii) with the written consent of the Obligated Group Agent, such Obligation is executed by any other Member of the Obligated Group. The total amount of Obligations, the number of Obligations and the series of Obligations that may be created under this Master Indenture is not limited and shall be as set forth in the Supplemental Master Indenture providing for the issuance thereof. Each series of Obligations shall be issued pursuant to a Supplemental Master Indenture. Each series of Obligations shall be designated so as to differentiate the Obligations of such series from the Obligations of any other series. Unless provided to the contrary in a Supplemental Master Indenture, Obligations shall be issued as fully registered Obligations. Notice of the issuance of an Obligation shall be given by the Obligated Group Agent to each Related Issuer.

Section 202. **Payment of Obligations.** The principal of, premium, if any, and interest on the Obligations, and any other amounts due under an Obligation, shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such amounts shall be payable at the designated corporate trust office of the Master Trustee or at the office of any Related Bond Trustee named in any such Obligations or in a Related Bond Indenture or to the registered owner of such Obligation, as may be provided in such Obligation. Unless contrary provision is made in the Supplemental Master Indenture pursuant to which such Obligation is issued or the election referred to in the next sentence is made, payments on the Obligations shall be made to the person appearing on the registration books of the Obligated Group (kept in the corporate trust office of the Master Trustee or its agent as Obligation registrar) as the registered owner thereof and shall be paid by check or draft mailed to the registered owner at its address as it appears on such registration books or at such other address as is furnished to the Master Trustee in writing by such

holder; provided, however, that any Supplemental Master Indenture creating any Obligation may provide that amounts due under such Obligation may be paid, upon the request of the holder of such Obligation, by wire transfer or by such other means as are then commercially reasonable and acceptable to the holder thereof and the Master Trustee. The foregoing notwithstanding, if a Member so elects, or if an Obligation so provides, payments on such Obligation shall be made directly by such Member, by check or draft hand delivered to the holder thereof or its designee or shall be made by such Member by wire transfer to such holder, or by such other means as are then commercially reasonable and acceptable to the holder thereof, in any case delivered on or prior to the date on which such payment is due. Upon the reasonable written request of the Master Trustee, each Member shall provide information identifying the Obligation or Obligations with respect to which such payment, specifying the amount, was made, by series, designation, number and registered holder. Except with respect to Obligations directly paid to or upon the order of the holder thereof, or as otherwise may be provided in a Supplemental Master Indenture, the Members agree to deposit with the Master Trustee prior to each due date of the principal of, premium, if any, or interest on any of the Obligations a sum sufficient to pay such principal, premium, if any, or interest so becoming due. Any such moneys shall upon written request and direction of the Obligated Group Agent be invested in Permitted Investments. The foregoing notwithstanding, amounts deposited with the Master Trustee to provide for the payment of Obligations pledged to the payment of Related Bonds shall be invested in accordance with the provisions of the Related Bond Indenture and Related Loan Document. The Master Trustee shall not be liable or responsible for any loss resulting from any such investments made in accordance with the terms hereof. Supplemental Master Indentures may create such security including debt service reserve funds and other funds as are necessary to provide for payment or to hold moneys deposited for payment or as security for a related series of Obligations.

Section 203. Execution. Obligations shall be executed on behalf of a Member by the manual or, if permitted by law, facsimile signature of the Chairman of its Governing Body, its President or any Vice President or any other authorized officer of the Member (or on their behalf by a similar authorized officer of the Obligated Group Agent). In case any officer whose signature or facsimile of whose signature shall appear on the Obligations shall cease to be such officer before the delivery of such Obligations, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

Section 204. Authentication. No Obligation shall be valid or obligatory for any purpose or entitled to any security or benefit under this Master Indenture unless and until a certificate of authentication on such Obligation substantially in the form set forth below shall have been duly executed by the Master Trustee, and such executed certificate of the Master Trustee upon any such Obligation shall be conclusive evidence that such Obligation has been authenticated and delivered under this Master Indenture. The Master Trustee's certificate of authentication on any Obligation shall be deemed to have been executed by it if signed by an authorized officer or signer of the Master Trustee, but it shall not be necessary that the same officer or signer sign the certificate of authentication on all of the Obligations issued hereunder.

The Master Trustee's authentication certificate shall be in substantially the following form:

Master Trustee's Authentication Certificate

The undersigned Master Trustee hereby certifies that this [Note/Guarantee/Obligation] is one of the Obligations described in the within-mentioned Master Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

By _____
Authorized Officer

Section 205. Form of Obligations. All Obligations issued under this Master Indenture shall be substantially in the form set forth or referred to in the Supplemental Master Indenture pursuant to which such Obligations are issued, to reflect the terms and conditions thereof as established hereby and by any Supplemental Master Indenture. Unless Obligations of a series have been registered under the Securities Act of 1933, as amended,

each Obligation of such series shall be endorsed with a legend which shall read substantially as follows: "This [Obligation/Note/Guarantee] has not been registered under the Securities Act of 1933, as amended."

Section 206. Mutilated, Lost, Stolen or Destroyed Obligations. In the event any temporary or definitive Obligation is mutilated, lost, stolen or destroyed, the Member issuing such Obligation may execute and the Master Trustee may authenticate a new Obligation of like form, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Obligation, such mutilated Obligation shall first be surrendered to the Master Trustee, and in the case of any lost, stolen or destroyed Obligation, there shall be first furnished to the Obligated Group Agent, such Member and the Master Trustee evidence of such loss, theft or destruction satisfactory to the Obligated Group Agent, such Member and the Master Trustee, together with indemnity satisfactory to them. In the event any such Obligation shall have matured, instead of issuing a duplicate Obligation the Obligated Group may pay the same without surrender thereof. The Obligated Group and the Master Trustee may charge the holder or owner of such Obligation with their reasonable fees and expenses in this connection.

Section 207. Registration; Negotiability; Cancellation Upon Surrender; Exchange of Obligations. Upon surrender for transfer of any Obligation at the designated corporate trust office of the Master Trustee, the Member issuing such Obligation shall execute and the Master Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Obligation or Obligations of the same series, designation and maturity without coupons for a like aggregate amount.

The execution by a Member of any Obligation of any denomination shall constitute full and due authorization of such denomination and the Master Trustee shall thereby be authorized to authenticate and deliver such Obligation.

As to any Obligation, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the amounts due under any such Obligation shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the sum or sums so paid.

Any Obligation surrendered for the purpose of payment or retirement or for replacement pursuant to Section 206 hereof shall be canceled upon surrender thereof to the Master Trustee. Certification of Obligations canceled by the Master Trustee shall be made to the Obligated Group Agent. Canceled Obligations may be destroyed by the Master Trustee unless instructions to the contrary are received from the Obligated Group Agent.

The Obligated Group and the Master Trustee may charge each Obligation holder requesting an exchange, registration, change in registration or transfer of an Obligation any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer.

Section 208. Security for Obligations; Pledge of Gross Revenues; Collateral Assignment. Security. All Obligations issued and Outstanding under this Master Indenture are and shall be joint and several obligations of each Member of the Obligated Group, and shall be equally and ratably secured by this Master Indenture except to the extent specifically provided otherwise as permitted hereby. All Obligations issued and Outstanding under this Master Indenture are and shall be equally and ratably secured by the pledge of Gross Revenues described below. Any one or more series of Obligations issued hereunder may be secured by additional security, in addition to the pledge of Gross Revenues (including without limitation letters or lines of credit, insurance or Liens on Property, including Facilities or Property of the Obligated Group or any Members of the Obligated Group, or security interests in a depreciation reserve, debt service reserve or interest reserve or debt service or similar funds), so long as any Liens created in connection therewith or securing such Obligations constitute Permitted Encumbrances. Such security need not extend to any other Indebtedness (including any other Obligations or series of Obligations). Consequently, the Supplemental Master Indenture pursuant to which any one or more series of Obligations is issued may provide for such supplements or amendments to the provisions hereof, including without limitation Articles II and V hereof, as are necessary to provide for such security and to permit realization upon such security solely for the benefit of the Obligations entitled thereto.

Pledge of Gross Revenues. In order to secure the prompt payment of all amounts due on all Obligations issued under this Master Indenture and the performance by the Members of the Obligated Group of their obligations under this Master Indenture and the Obligations, the Members of the Obligated Group hereby pledge and assign to the Master Trustee, and grant a security interest in, for the equal and ratable benefit of the Holders from time to time of all of the Obligations, all of their Gross Revenues, but the existence of such pledge, assignment and security interest shall not prevent the expenditure, deposit or commingling of Gross Revenues by the Members of the Obligated Group or by the System Members that participate in a Cash Management System for any purpose, or the collection of the proceeds of Gross Revenues pursuant to a Cash Management System, so long as no Event of Default under Section 501(a) hereof has occurred and is continuing and all required payments with respect to the Obligations are made when due. Without limiting the generality of the foregoing, this security interest shall apply to all rights to receive Gross Revenues whether in the form of accounts, accounts receivable, contract rights or other rights, and to the proceeds of such rights. This security interest shall apply to all of the foregoing, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Members of the Obligated Group. The Members of the Obligated Group hereby represent that as of the date of the delivery hereof they have granted no security interest in Gross Revenues prior to the security interest granted by this Section, except for the Liens on Gross Revenues described on Exhibit B hereto. The Members of the Obligated Group hereby further covenant and agree that, except for Permitted Encumbrances, they will not pledge, suffer to exist, or grant a Lien on Gross Revenues. This Master Indenture is intended to be a security agreement pursuant to the Uniform Commercial Code.

The Members of the Obligated Group agree to execute and file, if and to the extent required by law, such financing statements covering the Gross Revenues from time to time and in such form as may be required to perfect and continue a security interest in the Gross Revenues, and to deliver file-stamped copies thereof to the Master Trustee. The Master Trustee shall file, in a timely manner, continuation statements with respect to such financing statements which list the Master Trustee as secured party. The Members of the Obligated Group shall pay all costs of filing such financing statements and continuation statements and any renewals thereof and shall pay all reasonable costs and expenses of any record searches and preparation fees for financing statements and continuation statements that may be required. The pledge of Gross Revenues does not extend to, or constitute a pledge of or Lien upon, any funds, cash or investments held by any Member of the Obligated Group, except to the extent such funds, cash or investments are proceeds of Gross Revenues received after the occurrence of an Event of Default under Section 501(a) hereof.

Notwithstanding anything to the contrary in this Master Indenture, upon and during the continuation of an Event of Default, the Master Trustee will have the remedies of a secured party under the Uniform Commercial Code and, at its option, may also pursue the remedies permitted in applicable law as to such Gross Revenues. Without limiting the generality of the foregoing, upon and during the continuation of an Event of Default and upon notice to the Obligated Group Agent, to the extent permitted by law, the Master Trustee may realize upon such lien by any one or more of the following actions: (i) take possession of the financial books and records of any Member of the Obligated Group relating to the Gross Revenues and of all checks or other orders for payment of money and cash in the possession of the Member representing Gross Revenues or proceeds thereof; (ii) notify account debtors obligated on any Gross Revenues to make payment directly to the order of the Master Trustee; (iii) collect, compromise, settle, compound or extend Gross Revenues which are in the form of accounts receivable or contract rights from the Member's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Member, whether or not the full amount of any such account receivable or contract right owing shall be paid to the Master Trustee; (iv) require the Member to deposit all cash, money and checks or other orders for the payment of money which represent Gross Revenues within five (5) Business Days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Master Trustee, provided, however, that the requirement to make such deposits shall cease, and the balance of such fund or account shall be paid to the Member, when all Events of Default of the type described in Section 501(a) have been cured; (v) forbid the Member to extend, compromise, compound or settle any accounts receivable or contract rights which represent Gross Revenues, or release, wholly or partly, any Person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; and (vi) endorse in the name of the Member any checks or other orders for the payment of money representing Gross Revenues or the proceeds thereof.

The Members of the Obligated Group hereby further covenant that if an Event of Default of the type described in Section 501(a) hereof shall occur and be continuing, any Gross Revenues then received and any Gross Revenues thereafter received, shall not be commingled or deposited but shall immediately, or upon receipt, be transferred by the Members of the Obligated Group on a daily basis to the Master Trustee and deposited into the Gross Revenues Account as provided below. Such daily deposits shall continue until such Event of Default described in the preceding sentence shall have been cured. Any such proceeds on deposit with the Master Trustee shall be disbursed by the Master Trustee pursuant to the provisions of Section 506 of the Master Indenture and as provided below.

The Master Trustee is hereby authorized and directed to establish a Gross Revenues Account, or Accounts, into which there shall be deposited upon the occurrence and during the continuation of any Event of Default under Section 501(a) of the Master Indenture, upon receipt by the Master Trustee, any and all Gross Revenues of the Obligated Group. Upon the occurrence of an event that requires the funding of the Gross Revenues Account the Obligated Group hereby covenants to take all action necessary to insure that all such Gross Revenues are deposited into the Gross Revenues Account including, but not limited to, depositing directly all payments received and directing all debtors and payors of the Obligated Group to make all payments due to the Obligated Group Members into the Gross Revenues Account. The Gross Revenues Account shall become subject to the lien of this Master Indenture in favor of the holders of all Obligations. Amounts on deposit in such Account shall be transferred first to the payment of current Operating Expenses of the Members of the Obligated Group as may be directed by the Obligated Group Agent and second to the payment of debt service on all Obligations due and past due and thereafter shall otherwise be transferred as may be directed by the Obligated Group Agent to and applied by the Obligated Group for its corporate purposes until the Master Trustee gives written notice to the Obligated Group of the acceleration of the Obligations and the exercise of remedies under the Master Indenture as a secured party and the Master Trustee enforces its rights and interests in and to the Gross Revenues Account and the amounts on deposit therein. Upon the giving of such written notice of acceleration and exercise of remedies, the Master Trustee is hereby authorized to take such self-help and other measures that a secured party is entitled to take under the Uniform Commercial Code. Upon a cure or waiver of the Event of Default that requires the funding of the Gross Revenues Account, the Master Trustee shall transfer the amounts on deposit in the Gross Revenues Account to or at the direction of the Obligated Group Agent.

So long as no Event of Default under Section 501(a) hereof has occurred and is continuing, each Member of the Obligated Group shall be authorized immediately upon collection of any proceeds of Gross Revenues to transfer and apply such proceeds pursuant to any Cash Management System.

Each Member of the Obligated Group represents, warrants and covenants for and on behalf of itself (except as specified below) that the following shall apply to the pledge of such Member's Gross Revenues created by this Master Indenture:

(a) Creation: This Master Indenture creates a valid and binding pledge of, assignment of, lien on and security interest in its Gross Revenues in favor of the Master Trustee, as security for payment of the Obligations, enforceable by the Master Trustee in accordance with the terms hereof.

(b) Perfection: Under the laws of the state of such Member, such pledge, assignment, lien and security interest is and shall be prior to any judicial lien hereafter imposed on such collateral to enforce a judgment against the Obligated Group or any Member thereof on a simple contract. By the date of the effectiveness of this Master Indenture, the Obligated Group Agent will have filed or caused to be filed all financing statements describing, and transferred such possession or control over, such collateral (and for so long as any Obligation is Outstanding under this Master Indenture the Obligated Group Agent will file, continue, and amend or cause to be amended all such financing statements and transfer or cause to be transferred such possession and control) as may be necessary to establish and maintain such priority in each jurisdiction in which the Obligated Group or any Member thereof is organized or such collateral may be located or that may otherwise be applicable pursuant to Uniform Commercial Code §§9.301--9.306 of such jurisdiction (provided that the Master Trustee shall be responsible for filing continuation statements to perpetuate the perfection of any security interest hereunder prior to the expiration of

the financing statements originally filed with respect thereto which name the Master Trustee as secured party and filed copies (or in connection with the issuance of the first Obligation hereunder, unfiled copies) of which were delivered to the Master Trustee).

(c) Priority: Each Member of the Obligated Group represents, warrants and covenants that it has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of its Gross Revenues that ranks on a parity with or prior to the pledge, assignment, lien and security interest in its Gross Revenues granted hereby, except for the Liens on Gross Revenues described on Exhibit B hereto. Each Member of the Obligated Group represents, warrants and covenants that it has not described such collateral in a Uniform Commercial Code financing statement that will remain effective after the date of the effectiveness of this Master Indenture, except for the Liens on Gross Revenues described on Exhibit B hereto. Each Member of the Obligated Group represents, warrants and covenants that it shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in such collateral that ranks prior to or on a parity with the pledge, assignment, lien and security interest in its Gross Revenues granted hereby, or file any financing statement describing any such pledge, assignment, lien, or security interest, except as expressly permitted under this Master Indenture.

Section 209. Issuance of Obligations in Forms Other than Notes. To the extent that any Debt Obligation, any Hedging Obligation or any Ancillary Obligation is not in the form of a promissory note, an Obligation in the form of a promissory note may be issued hereunder and pledged as security for the payment of the amounts due under any such Obligation. Nevertheless, the parties hereto agree that Obligations may be issued hereunder to evidence any type of obligation, including but not limited to, Indebtedness (other than Non-Recourse Indebtedness), including without limitation any obligation or Indebtedness in a form other than a promissory note. In addition, any Hedging Obligation or Ancillary Obligation may be authenticated as an Obligation hereunder. Consequently, the Supplemental Master Indenture pursuant to which any Obligation is issued may provide for such supplements or amendments to the provisions hereof, including without limitation Articles II and V hereof, as are necessary to permit the issuance of such Obligation hereunder and as are not inconsistent with the intent hereof that, except as otherwise expressly provided herein, all Obligations issued hereunder be equally and ratably secured hereunder, including by the pledge of Gross Revenues created under Section 208 hereof. Any Hedging Obligation or Ancillary Obligation which is authenticated as an Obligation hereunder shall be equally and ratably secured hereunder with all other Obligations issued hereunder, except as otherwise expressly provided herein; provided, however, that any such Hedging Obligation or Ancillary Obligation shall be deemed to be Outstanding hereunder solely for the purpose of receiving payment hereunder and shall not be entitled to exercise any rights hereunder, including but not limited to any rights to direct the exercise of remedies, to vote or to grant consents.

Anything in this Master Indenture to the contrary notwithstanding, the Obligated Group or any Member thereof may issue Hedging Obligations pursuant to this Master Indenture, without designating in such Hedging Obligation or in the Supplemental Master Indenture pursuant to which such Hedging Obligation is issued, and without regard to, a notional or principal amount, to any provider of one or more interest rate swaps, forward or futures contracts, or options, in order to evidence and secure one or more of such swaps, contracts or options issued by or with the same provider during a single Fiscal Year or calendar year, as designated by the Obligated Group Agent. The Obligated Group Agent shall provide written notice to each Related Issuer and the Master Trustee of the posting of any collateral by a Member pursuant to any Hedging Obligation or contract related thereto.

Section 210. Substitute Obligations upon Withdrawal of a Member. In the event any Member ceases to be a Member of the Obligated Group in accordance with Section 404 and, in compliance with Section 404(a), another Member issues an Obligation hereunder pursuant to a Supplemental Master Indenture evidencing or assuming the Obligated Group's obligation in respect of Related Bonds, if so provided for in such Obligation originally issued by such withdrawing Member, such Obligation shall be surrendered to the Master Trustee in exchange for a substitute Obligation without notice to or consent of any Related Bondholder, provided that such substitute Obligation provides for payments of principal, interest, premium and other amounts due under such Obligation identical to the surrendered Obligation and sufficient to provide all payments on any Related Bonds.

Section 211. Appointment of Obligated Group Agent. Each Member, 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 full and exclusive power to (a) authorize, negotiate and determine the terms of, and execute and deliver, Obligations and Supplemental Master Indentures authorizing the issuance of Obligations or series of Obligations; (b) as applicable, negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate: loan agreements, bond indentures, bond purchase agreements related to liquidity or insurance, disclosures, and all such other agreements and instruments as are reasonably related to entering into and managing the specific transactions represented by such Supplemental Master Indentures; (c) negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate certificates and other undertakings as are reasonably necessary or appropriate to entering into and managing the specific transactions represented by such Supplemental Master Indentures and/or Obligations; and (d) manage, oversee, direct, authorize, control, and implement (i) all Outstanding Indebtedness and financial relationships related in any manner to such Indebtedness, including, but not limited to: credit support and liquidity facilities; (ii) swaps, hedges, interest rate exchanges and any other derivative instruments of any classification; (iii) related insurance products and policies; (iv) debt management policy setting and determinations such as the mix of fixed and variable debt and similar determinations; (v) allocation, calculations, accounting for, collections from Obligated Group Members, and payment of debt service, discounts, premiums, costs of issuance and other costs and fees related to Indebtedness, including termination, amendment and similar fees; (vi) planning, authorization and implementation of conversions, refunding, defeasances and other debt management or modification activities; (vii) all waivers, consents or amendments to any document or agreement, directly or indirectly, related to one or more of the Obligations, this Master Indenture and any Supplemental Indenture, including, but not limited to, any of the types of documents or agreements mentioned in subsections (b) and (c) above and this subsection (d); and (viii) direction of agents and control, direction and management of third party relationships (such as trustees, paying agents, registrars, issuing authorities, underwriters, remarketing agents, swap counterparties, financial and other advisors, and counsel) related to Indebtedness or the issuance of Obligations, The authority granted in this Section shall be and remain irrevocable until and unless any Obligated Group Member is permitted to withdraw from the Obligated Group in accordance with the terms hereof. Notwithstanding the foregoing and for the avoidance of doubt, the provisions of this Section 211 may be amended in accordance with the terms of Article VII hereof.

Section 212. Conditions to Issuance of Obligations Hereunder. With respect to Obligations to be issued hereunder, simultaneously with or prior to the execution, authentication and delivery of Obligations pursuant to this Master Indenture:

(a) All requirements and conditions to the issuance of such Obligations, if any, set forth in the Supplemental Master Indenture or in this Master Indenture shall have been complied with and satisfied, as provided in an Officer's Certificate of the Obligated Group Agent delivered to the Master Trustee; and

(b) The issuer of such Obligations shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (1) registration of such Obligations under the Securities Act of 1933, as amended, and qualification of this Master Indenture or the Supplemental Master Indenture under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said acts have been complied with, and (2) the Master Indenture and the Obligations are valid, binding and enforceable obligations of the Members of the Obligated Group in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally and usual equity principles and subject to such other exceptions as are not reasonably objected to by the Master Trustee.

ARTICLE III

PREPAYMENT OR REDEMPTION OF OBLIGATIONS

Section 301. Prepayment or Redemption Dates and Prices. Obligations shall be subject to optional and mandatory prepayment or redemption in whole or in part and may be prepaid or redeemed prior to maturity as provided in the Supplemental Master Indenture or the Related Loan Document pertaining to the series of Obligations to be prepaid or redeemed.

ARTICLE IV

GENERAL COVENANTS

Section 401. Payment of Principal, Premium, if any, and Interest and Other Amounts. Each Member unconditionally and irrevocably (subject to the right of such Member to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of Section 404 hereof), jointly and severally covenants that it will promptly pay the principal of, premium, if any, and interest on, and all other amounts due under, every Obligation issued under this Master Indenture and any other payments, including the purchase price of Related Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture or Related Loan Document required by the terms of such Obligations, at the place, on the dates and in the manner provided herein and in said Obligations according to the true intent and meaning thereof. Notwithstanding any schedule of payments upon the Obligations set forth herein or in the Obligations, each Member unconditionally and irrevocably (subject to the right of such Member to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of Section 404 hereof), jointly and severally agrees to make payments upon each Obligation and be liable therefor at the times and in the amounts (including principal, interest and premium, if any, and all other amounts due thereunder) equal to the amounts to be paid as interest, principal at maturity or by mandatory sinking fund redemption, or premium, if any, upon any Related Bonds from time to time Outstanding and upon any other financial obligations evidenced or secured by an Obligation. If any Member does not tender payment of any installment of principal, premium or interest on, or any other amounts due under, any Obligation when due and payable and such payment was to have been made to the Master Trustee, the Master Trustee shall provide prompt written notice of such nonpayment to such Member and the Obligated Group Agent.

Section 402. Performance of Covenants. Each Member covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Master Indenture and in each and every Obligation executed, authenticated and delivered hereunder and will perform all covenants and requirements imposed on the Obligated Group Agent or any Member under the terms of any Related Bond Indenture.

Section 403. Entrance into the Obligated Group. Any Person may become a Member of the Obligated Group if:

(a) Such Person is a corporation or other legal entity;

(b) 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 on behalf of each then current Member of the Obligated Group, containing the agreement of such Person (i) to become a Member of the Obligated Group and thereby to become subject to compliance with all provisions of this Master Indenture, including, but not limited to, agreeing to pledge, and pledging, its Gross Revenues in accordance with Section 208 hereof, and (ii) unconditionally and irrevocably (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 Section 404 hereof) to jointly and severally make payments upon each Obligation at the times and in the amounts provided in each such Obligation;

(c) The Obligated Group Agent shall have approved the admission of such Person into the Obligated Group, which approval shall be evidenced by the Obligated Group Agent executing the Supplemental Master Indenture referred to in Section 403(b);

(d) The Master Trustee shall have received (1) an Officer's Certificate certifying that, immediately upon such Person becoming a Member of the Obligated Group, the Members 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 by them hereunder, (2) an opinion of Counsel to the effect that (x) the instrument described in paragraph (b) 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 customary exceptions for bankruptcy,

insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity and to such other exceptions as are not reasonably objected to by the Master Trustee and (y) 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, and (3) if all amounts due or to become due on all Related Bonds have not been paid to the holders thereof and provision for such payment has not been made in such manner as to have resulted in the defeasance of all Related Bond Indentures, an opinion of nationally recognized municipal bond counsel to the effect that, under then existing law, the consummation of such transaction will not adversely affect the validity of any Related Bond or any exemption from federal or state income taxation of interest payable on such Related Bond to which such Related Bond would otherwise be entitled;

(e) The Obligated Group Agent shall have delivered an Officer's Certificate to the Master Trustee demonstrating that the Transaction Test will be met, assuming the incurrence of $1.00 of additional Indebtedness, after giving effect to the proposed transaction; and

(f) Exhibit A to this Master Indenture shall be amended or replaced by the Obligated Group Agent to add such Person as a Member.

Each successor, assignee, surviving, resulting or transferee corporation or other legal entity of a Member must agree to become, and satisfy the above-described conditions to becoming, a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status.

Section 404. Cessation of Status as a Member of the Obligated Group. Neither Yale-New Haven Hospital nor Bridgeport Hospital shall cease to be a Member of the Obligated Group without the prior written consent of each Related Issuer of Related Bonds and each Related Bond Trustee. Each other Member covenants that it will not take any action, corporate or otherwise, which would cause it 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:

(a) if the Member proposing to withdraw from the Obligated Group is a party to any Related Loan Documents with respect to Related Bonds which remain Outstanding, another Member of the Obligated Group has issued an Obligation hereunder evidencing or assuming the obligation of the Obligated Group in respect of such Related Bonds;

(b) prior to cessation of such status, there is delivered to the Master Trustee an opinion of nationally recognized municipal bond counsel to the effect that, under then existing law, the cessation by the Member of its status as a Member will not adversely affect the validity of any Related Bond or any exemption from federal or state income taxation of interest payable on such Related Bond to which such Bond would otherwise be entitled;

(c) immediately after such cessation, no Event of Default exists hereunder and no event shall have occurred which with the passage of time or the giving of notice, or both, would become such an Event of Default;

(d) prior to such cessation there is delivered to the Master Trustee an opinion of Counsel to the effect that the cessation by such Member of its status as a Member will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status;

(e) The Obligated Group Agent shall have delivered an Officer's Certificate to the Master Trustee demonstrating that the Transaction Test will be met, assuming the incurrence of $1.00 of additional Indebtedness, after giving effect to the proposed transaction;

(f) prior to the cessation of such status, the Obligated Group Agent consents in writing to the withdrawal of such Member; and

(g) Exhibit A to this Master Indenture shall be amended or replaced by the Obligated Group Agent to delete such Person as a Member.

Upon the withdrawal of a Member from the Obligated Group, such withdrawing Member shall be released from its pledge of Gross Revenues and from any and all liability under this Master Indenture and any Obligations.

Section 405. General Covenants; Right of Contest. Each Member hereby covenants to:

(a) Except as otherwise expressly provided herein (i) preserve its corporate or other separate legal existence, (ii) preserve all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs as then conducted and (iii) be 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; provided, however, that nothing contained in this Master Indenture shall be construed to obligate such Member to retain, preserve or keep in effect the rights, licenses or qualifications no longer used or useful in the conduct of its business.

(b) In the case of any Person 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 or provision for such payment has not been made, to 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 any such Related Bond being declared invalid or result in the interest on any Related Bond, which is otherwise exempt from federal or state income taxation, becoming subject to such taxation.

(c) At its sole cost and expense, promptly comply with all present and future laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof which may be applicable to it or any of its affairs, business, operations and Property, any part thereof, any of the streets, alleys, passageways, sidewalks, curbs, gutters, vaults and vault spaces adjoining any of its Property or any part thereof or to the use or manner of use, occupancy or condition of any of its Property or any part thereof, if the failure to so comply would have a materially adverse affect on the operations or financial affairs of the Obligated Group, taken as a whole.

The foregoing notwithstanding, any Member may (i) cease to be a not for profit corporation or (ii) take actions which could result in the alteration or loss of its status as a Tax-Exempt Organization if prior thereto there is delivered to the Master Trustee an opinion of nationally recognized municipal bond counsel to the effect that such actions would not adversely affect the validity of any Related Bond, the exemption from federal or state 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 Person.

No Member shall be required to remove any Lien required to be removed under Section 412, pay or otherwise satisfy and discharge its obligations, Indebtedness (other than any Obligations), demands and claims against it or to comply with any Lien prohibited by Section 412, or with any law, ordinance, rule, order, decree, decision, regulation or requirement, so long as such Member shall contest, in good faith and at its cost and expense, in its own name and behalf, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the obligation, Indebtedness, demand, claim or Lien so contested, and the sale, forfeiture, or loss of its Property or any part thereof, provided, that no such contest shall subject any Related Issuer, any Related Bond Trustee, any Obligation holder or the Master Trustee to the risk of any liability. While any such matters are pending, such Member shall not be required to pay, remove or cause to be discharged the obligation, Indebtedness, demand, claim or Lien being contested unless such Member agrees to settle such contest. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of such Member engaging in such a contest to settle such contest), and in any event

the Member will save all Obligation holders, any Related Issuer, any Related Bond Trustee, and the Master Trustee harmless from and against all losses, judgments, decrees and costs (including attorneys' fees and expenses in connection therewith) as a result of such contest and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be determined to be payable therein, together with all penalties, fines, interests, costs and expenses thereon or incurred in connection therewith.

Section 406. Insurance; Proceeds; Awards. (a) Each Member shall maintain or cause to be maintained at its sole cost and expense, with financially sound and reputable insurers (which may include System Members or other captive insurers), such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the Obligated Group as may customarily be carried or maintained under similar circumstances by healthcare service providers of established reputation engaged in similar businesses (or, in the case of an Obligated Group Member that is not a healthcare services provider, customarily carried or maintained under similar circumstances by entities of established reputation engaged in similar businesses), in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as are customary for corporations similarly situated in the industry and as are determined to be consistent with reasonably prudent business practices, which determination can be based upon the advice of an independent insurance consultant.

(b) Insurance proceeds (including title insurance proceeds) or condemnation awards paid or payable to the Obligated Group, or to the Master Trustee pursuant to, or in connection with, any Related Bond Indenture or any Related Loan Document, shall be applied, at the direction of the Obligated Group Agent (so long as no Event of Default under this Master Indenture is then continuing), either to (i) repair, reconstruct, restore or replace the damaged or condemned Property, or (ii) prepay all Outstanding Obligations pro-rata among all such Outstanding Obligations. Any such insurance proceeds or condemnation awards remaining after application as provided in the preceding sentence shall be paid or applied as directed by the Obligated Group Agent for any purpose as may be determined by the Obligated Group Agent. Notwithstanding the foregoing, (x) the Obligated Group agrees that it shall not permit or direct the application of any insurance proceeds or condemnation awards received with respect to any Property financed with the proceeds of Related Bonds in any manner that would adversely affect the tax-exempt status of any Related Bonds; (y) upon the direction of the Obligated Group Agent, the Master Trustee shall deposit or cause to be deposited into an account or accounts, as may be required by any Related Bond Indenture or Related Loan Document, any insurance proceeds or condemnation awards (or allocable portion thereof) to be applied to the restoration, reconstruction or repair of any Property or the prepayment of Related Bonds and (z) if an Event of Default under this Master Indenture is continuing and the Master Trustee gives written notice to the Obligated Group of the acceleration of the Obligations and the exercise of remedies under the Master Indenture as a secured party, such insurance proceeds or condemnation awards shall be paid to Master Trustee and applied in accordance with Section 506.

Section 407. Long-Term Debt Service Coverage Ratio. Each Member covenants and agrees to conduct its business on a revenue producing basis and to charge such fees and rates and to exercise such skill and diligence as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it hereunder to the extent permitted by law. Each Member further covenants and agrees that it will from time to time as often as necessary and to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section.

The Obligated Group Agent shall calculate the Income Available for Debt Service of the Obligated Group on a consolidated basis for each Fiscal Year as of the end of such Fiscal Year and the Long-Term Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year as of the end of such Fiscal Year and deliver a copy of such calculations to the Persons to whom and at the time at which annual financial statements are required to be delivered under Section 409 hereof.

If in any Fiscal Year the Long-Term Debt Service Coverage Ratio of the Obligated Group is less than 1.10 to 1, the Obligated Group Agent shall at its expense retain a Consultant, in a timely manner but in no event later than ninety (90) days after the date on which the Obligated Group Agent determines that such Long-Term Debt

Service Coverage Ratio is less than 1.10 to 1, to prepare a report and make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Long-Term Debt Service Coverage Ratio to at least 1.10 to 1. Any Consultant so retained shall be required to submit such report and recommendations within sixty (60) days after being retained. So long as the Obligated Group has retained a Consultant and has followed the report and recommendations of the Consultant to the extent permitted by applicable laws, the Obligated Group shall not be deemed to have violated this covenant.

A copy of the Consultant's report and recommendations, if any, shall be filed with the Obligated Group Agent and the Master Trustee. Each Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of such Member) and permitted by law, applicable regulations and the legal obligations binding on such Member. This Section shall not be construed to prohibit any Person from serving indigent patients to the extent required for such Person to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of patients without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements of this Section.

The foregoing provisions notwithstanding, if in any Fiscal Year the Long-Term Debt Service Coverage Ratio of the Obligated Group is less than 1.10 to 1, the Obligated Group Agent shall not be required to retain a Consultant to make such recommendations if: (a) there is filed with the Master Trustee a written report of a Consultant which contains an opinion of such Consultant to the effect that applicable laws or regulations or other legal obligations have prevented the Obligated Group from generating Income Available for Debt Service during such Fiscal Year in an amount sufficient to produce a Long-Term Debt Service Coverage Ratio of the Obligated Group of 1.10 to 1 or higher; (b) the report of such Consultant indicates that the fees and rates charged by the Members of the Obligated Group are such that, in the opinion of the Consultant, the Members of the Obligated Group have generated the maximum amount of Revenues reasonably practicable given such laws or regulations and other legal obligations; and (c) the Long-Term Debt Service Coverage Ratio of the Obligated Group was at least 1.00 to 1 for such Fiscal Year. The Obligated Group Agent shall not be required to cause the Consultant's report referred to in the preceding sentence to be prepared more frequently than once every two Fiscal Years if at the end of the first of such two Fiscal Years the Obligated Group Agent provides to the Master Trustee an Officer's Certificate or an opinion of Counsel to the effect that the applicable laws and regulations underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

Notwithstanding anything else in this Section to the contrary, it shall be an Event of Default under Section 501 hereof if as of the end of any Fiscal Year the Long-Term Debt Service Coverage Ratio of the Obligated Group is less than 1.00 to 1.

Section 408. Permitted Reorganizations. (a) Each Member agrees that it will not (x) merge into, or consolidate with, one or more corporations or other legal entities that are not Members, or (y) allow one or more of such corporations or other legal entities to merge into it, or (z) sell or convey all or substantially all of its Property to any Person who is not a Member, unless in any such case:

(i) In the event that the successor corporation or other legal entity is not the Member, then any successor corporation or other legal entity to such Member (including without limitation any purchaser of all or substantially all the Property of such Member) is a corporation or other legal entity organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor corporation or other legal entity to assume, jointly and severally, the due and punctual payment of the principal of, premium, if any, and interest on, and any other amounts due under, all Obligations according to their tenor and the due and punctual performance and observance of all the covenants and conditions of this Master Indenture to be kept and performed by such Member and making the same representations, warranties and covenants as are reflected in paragraphs (a), (b) and (c) of Section 208 hereof, and the Obligated Group Agent shall cause to be filed the necessary financing statements to perpetuate and perfect the security interests contemplated by Section 208 hereof;

(ii) Immediately after such merger or consolidation, or such sale or conveyance, no Member would be in default in the performance or observance of any covenant or condition of any Related Loan Document or this Master Indenture;

(iii) If all amounts due or to become due on all Related Bonds have not been fully paid to the holders thereof or fully provided for, there shall be delivered to the Master Trustee (i) an opinion of Counsel to the effect that the consummation of 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; and (ii) an opinion of nationally recognized municipal bond counsel to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance would not adversely affect the validity of such Related Bonds or the exemption otherwise available from federal or state income taxation of interest payable on such Related Bonds;

(iv) The Obligated Group Agent shall have consented to such Permitted Reorganization; and

(v) The Obligated Group shall have delivered an Officer's Certificate to the Master Trustee demonstrating that the Transaction Test will be met, assuming the incurrence of $1.00 of additional Indebtedness after giving effect to the proposed Permitted Reorganization.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation or other legal entity, such successor corporation or other legal entity shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such Member and the Member party to such transaction, if it is not the survivor, shall thereupon be relieved of any further obligation or liabilities hereunder or upon the Obligations and such Member as the predecessor or non-surviving corporation or other legal entity may thereupon or at any time thereafter be dissolved, wound up or liquidated. Any successor corporation or other legal entity to such Member thereupon may cause to be signed and may issue in its own name Obligations hereunder and the predecessor corporation shall be released from its obligations hereunder and under any Obligations, if such predecessor corporation or other legal entity shall have conveyed all or substantially all Property owned by it (or all such Property shall be deemed conveyed by operation of law) to such successor corporation or other legal entity. All Obligations so issued by such successor corporation or other legal entity hereunder shall in all respects have the same legal rank and benefit under this Master Indenture as Obligations theretofore or thereafter issued in accordance with the terms of this Master Indenture as though all of such Obligations had been issued hereunder by such prior Member without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued as may be appropriate.

(d) The Master Trustee may rely upon an opinion of Counsel to the effect that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section and that it is proper for the Master Trustee under the provisions of Article VII and of this Section to join in the execution of any instrument required to be executed and delivered by this Section as conclusive evidence thereof.

Section 409. Financial Statements, Etc. Each Member covenants that it will keep or cause to be kept proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of such Member in accordance with GAAP consistently applied except as may be disclosed in the notes to the audited financial statements referred to in subparagraph (A) below, and the Obligated Group Agent will furnish to the Master Trustee:

(A) As soon as practicable after they are available, but in no event more than 150 days after the last day of each Fiscal Year, a financial report of each Obligated Group Member for such Fiscal Year (or if the Obligated Group Agent shall so elect, a consolidated financial report of the Obligated Group Members) certified by a firm of nationally recognized independent certified public accountants selected by

the Obligated Group Agent prepared on a combined or consolidated, or combining or consolidating, basis in accordance with GAAP, covering the operations of the Obligated Group Member (or the Obligated Group, as applicable) for such Fiscal Year and containing an audited consolidated statement of financial position of the Obligated Group Member (or the Obligated Group, as applicable), as of the end of such Fiscal Year and an audited consolidated and an unaudited consolidating statement of changes in net assets and statement of cash flows of the Obligated Group Member (or the Obligated Group, as applicable) for such Fiscal Year and an audited consolidated and an unaudited consolidating statement of operations of the Obligated Group Member (or the Obligated Group, as applicable) for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year.

(B) As soon as practicable after they are available, but in no event more than 60 days after the last day of each of the first three fiscal quarters of each Fiscal Year, quarterly unaudited financial statements of each Obligated Group Member (or the Obligated Group, as applicable) with respect to such fiscal quarter and for the portion of the Fiscal Year ending with such quarter.

(C) At the time of delivery of the financial report referred to in subsection (A) above, an Officer's Certificate, stating that the Obligated Group Agent has made a review of the activities of each Member during the preceding Fiscal Year for the purpose of determining whether or not the Members have complied with all of the terms, provisions and conditions of this Master Indenture and that each Member has kept, observed, performed and fulfilled each and every covenant, provision and condition of this Master Indenture on its part to be performed and is not in default in the performance or observance of any of the terms, covenants, provisions or conditions hereof, or if an Event of Default shall have occurred and be continuing such certificate shall specify all such Events of Default and the nature thereof.

Section 410. Permitted Indebtedness. (a) The Members of the Obligated Group covenant that, except for Permitted Indebtedness described in paragraph (b) of this Section 410, the Members of the Obligated Group shall not incur additional Indebtedness, directly, indirectly or contingently.

(b) Permitted Indebtedness shall include only the following:

(1) Long-Term Indebtedness, if prior to the incurrence of such Long-Term Indebtedness there is delivered to the Master Trustee an Officer's Certificate demonstrating that the Transaction Test shall have been met for, and giving effect to, the incurrence of such Indebtedness;

(2) Long-Term Indebtedness, if prior to the incurrence of such Long-Term Indebtedness there is delivered to the Master Trustee an Officer's Certificate to the effect that the total principal amount of Long-Term Indebtedness to be incurred at such time, when added to the aggregate principal amount of all other Long-Term Indebtedness theretofore issued pursuant to this paragraph (b)(2) and then Outstanding, will not exceed twenty-five percent (25%) of the Operating Revenues of the Obligated Group for the Historic Test Period. Any Long-Term Indebtedness or portion thereof incurred under this paragraph (b)(2) which is Outstanding at any time shall be deemed to have been incurred under any one of the paragraphs of the Transaction Test if at any time subsequent to the incurrence thereof there shall be filed with the Master Trustee an Officer's Certificate to the effect that such Outstanding Indebtedness or portion thereof would satisfy such other provision, specifying such other provision, and thereupon the amount deemed to have been incurred and to be Outstanding under this paragraph (b)(2) shall be deemed to have been reduced by such amount and to have been incurred under such other provision;

(3) Completion Indebtedness, if prior to the incurrence of such Completion Indebtedness there is delivered to the Master Trustee an Officer's Certificate (i) to the effect that the net proceeds of such proposed Completion Indebtedness is needed for the completion of the construction or equipping of the Facilities in question; (ii) to the effect that the original Indebtedness for the Facilities in question when incurred was assumed to be sufficient for the projected costs; (iii) describing the reasons why such Completion Indebtedness is necessary; (iv) certifying as to the amount needed for the completion of the Facilities in question; and (v)

certifying that the principal amount of such Completion Indebtedness will not exceed twenty percent (20%) of the initial principal amount of the Indebtedness originally incurred for the Facilities in question;

(4) Long-Term Indebtedness incurred for the purpose of refunding, including advance refunding, any Outstanding Long-Term Indebtedness, if prior to the incurrence of such Long-Term Indebtedness there is delivered to the Master Trustee an Officer's Certificate to the effect that either (i) such refunding will not increase Maximum Annual Debt Service in any year (calculated for the period during which the Indebtedness to be refunded would have been Outstanding but for such proposed refunding) by more than ten percent (10%) or (ii) such refunding will result in a present value savings in the debt service requirements as compared to that of the Outstanding Long-Term Indebtedness being refunded; provided, however, refundings in the nature of the rolling-over of Indebtedness in the form of commercial paper shall be permitted, without limitation and without the need for the delivery of any Officer's Certificate;

(5) Short-Term Indebtedness, provided that immediately after the incurrence of such Indebtedness the aggregate Outstanding principal amount of all Short-Term Indebtedness does not exceed twenty-five percent (25%) of the aggregate Operating Revenues of the Obligated Group for the Historic Test Period;

(6) Non-Recourse Indebtedness, in a principal amount Outstanding at any one time not in excess of twenty-five percent (25%) of Operating Revenues for the Historic Test Period, which Non-Recourse Indebtedness is: (i) secured by a Lien on Property which is part of the Property, Plant and Equipment; or (ii) secured by a Lien on Property which is inventory or pledges of gifts or grants to be received in the future; provided that such gifts or grants shall be excluded from the calculation of Income Available for Debt Service so long as such Non-Recourse Indebtedness is Outstanding;

(7) Subordinated Indebtedness, without limitation;

(8) Indebtedness in the form of installment purchase contracts, Capitalized Leases, purchase money mortgages, loans, sale agreements or other typical borrowing instruments; provided that the aggregate annual debt service on the Indebtedness permitted under this paragraph (b)(8) shall not in any Fiscal Year exceed five percent (5%) of the Operating Revenues of the Obligated Group for the Historic Test Period;

(9) Guarantees, (i) if such Guaranty could then be incurred by the Obligated Group as Long-Term Indebtedness under Section 410(b)(1) or (2) hereof, or as Short-Term Indebtedness under Section 410(b)(5) hereof, provided that in each case for purposes of any computations provided for in this paragraph (b)(9)(i), and also for purposes of calculating the Debt Service Requirements with respect to a Guaranty, (A) the aggregate annual principal and interest payments on, and the principal amount of, any indebtedness of a Person which is the subject of a Guaranty hereunder and which would, if such obligation were incurred by the Obligated Group, constitute Long-Term Indebtedness, shall be deemed equivalent to twenty percent (20%) of the actual Debt Service Requirements on, and principal amount of, such indebtedness of the Primary Obligor (assuming the definitions of this Master Indenture apply to such indebtedness), so long as no event of default has occurred with respect to such Indebtedness that is the subject of such Guaranty and such Guaranty constitutes a contingent liability under GAAP; and (B) the Debt Service Requirements on, and principal amount of, any Long-Term Indebtedness represented by a Guaranty shall be deemed equivalent to one hundred percent (100%) of the actual Debt Service Requirements on, and principal amount of, such indebtedness of the Primary Obligor, if a payment has been made by the Obligated Group on such Guaranty within one (1) year of the date of any computation to be made under this paragraph (b)(9)(i) (assuming the definitions of this Master Indenture apply to such indebtedness); or (ii) if such Guaranty is of Indebtedness of another Member of the Obligated Group, which Indebtedness has been or could be incurred as Permitted Indebtedness hereunder;

(10) Indebtedness represented by a letter of credit reimbursement agreement or standby bond purchase agreement or other similar agreement entered into by any member of the Obligated Group and a financial institution providing either a liquidity or credit support with respect to any other Indebtedness incurred in accordance with any other provision of this Section 410(b);

(11) Indebtedness in the form of a borrowing from another Member of the Obligated Group;

(12) Indebtedness in the form of any other financial obligation to another Member of the Obligated Group;

(13) Indebtedness incurred on an interim basis with respect to any construction project for which money is available therefor in the construction fund for such project;

(14) Indebtedness incurred in the ordinary course of business;

(15) Indebtedness in the form of a guaranty or confirmation of liability of an Affiliate incurred directly or indirectly with respect to a self-insurance or captive insurance program benefiting any Member of the Obligated Group;

(16) Indebtedness incurred or deemed incurred by virtue of any recourse obligation associated with any sale or assignment of accounts receivable, but in no event in an amount in excess of the monetary consideration received from any such sale or assignment; and in any event not in excess of twenty percent (20%) of the total amount of accounts receivable (net of contractual allowances) of the Obligated Group as of the end of the Historic Test Period;

(17) any Indebtedness (or obligations not for borrowed money), which Indebtedness or obligation is not generally treated as indebtedness, such as obligations to make contributions to employee benefit plans, social security alternative plans, self-insurance programs, captive insurance companies and unemployment insurance liabilities.

Section 411. Permitted Dispositions. (a) The Members of the Obligated Group covenant that, except for Permitted Dispositions described in paragraph (b) of this Section 411, the Members of the Obligated Group shall not sell, lease, remove, release from the lien of this Master Indenture, transfer, assign, convey or otherwise dispose of any Property of the Members of the Obligated Group.

(b) Permitted Dispositions shall include only the following:

(1) the disposition of Property if the Value of such Property disposed of in any one Fiscal Year is not in excess of ten percent (10%) of the Value of the Property of the Obligated Group as of the end of the Historic Test Period;

(2) the disposition of Property if the Value of such Property disposed of in any one Fiscal Year exceeds ten percent (10%) of the Value of the Property of the Obligated Group; provided, however, that an Officer's Certificate is delivered to the Master Trustee certifying that the Transaction Test shall have been met for, and giving effect to, such proposed Permitted Disposition;

(3) the disposition of real property that is unused or surplus upon which none of the Facilities are situated;

(4) the disposition of Property in the case of any proposed, pending or potential condemnation or taking for public or quasi-public use of the Property or any portion thereof;

(5) the disposition of Property to any Person if such Property has, or within the next succeeding twenty-four (24) calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property;

(6) the disposition of Property in the ordinary course of business;

(7) the disposition of Property (other than Current Assets or Gross Revenues) that does not constitute part of the health care Facilities of the Obligated Group;

(8) the disposition of Property if such Property is replaced promptly by other Property of comparable utility or worth;

(9) the disposition of Property if the Obligated Group, or any Member thereof, receives fair market value therefor (including equity interests);

(10) the disposition of Property constituting the sale, assignment or other disposition of not in excess of thirty-five percent (35%) of the Obligated Group's accounts receivable in the immediately preceding Fiscal Year, provided that the transaction is commercially reasonable and for consideration deemed fair and adequate in an Officer's Certificate delivered to the Master Trustee (in such case the Master Trustee shall cooperate in releasing any accounts receivable from the Lien on Gross Revenues);

(11) the disposition of Property to another Member of the Obligated Group;

(12) the disposition of Property in connection with a Permitted Reorganization;

(13) the disposition of Property to another System Member by way of a Permitted System Lease.

Section 412. Permitted Encumbrances. No Material Obligated Group Member shall create or incur or permit to be created or incurred or to exist any Lien on any Property of such Member, except for Permitted Encumbrances.

Section 413. Right to Consent, Etc. Each Member, with the prior written consent of the Obligated Group Agent, shall have the right to agree in any Related Bond Indenture, Related Loan Document or Supplemental Master Indenture pursuant to which an Obligation is issued that, so long as any Related Bonds remain Outstanding under such Related Bond Indenture or such Obligation remains Outstanding, any or all provisions of this Master Indenture which provide for approval, consent, direction or appointment by the Master Trustee, provide that anything must be satisfactory or acceptable to the Master Trustee or not unacceptable to the Master Trustee, allow the Master Trustee to request anything or contain similar provisions granting discretion to the Master Trustee may also require or allow, as the case may be, the approval, consent, appointment, satisfaction, acceptance, request or like exercise of discretion by the Related Issuer, the Related Bond Trustee, the credit enhancer of any Related Bonds, or the holders of some specified percentage of such Obligations as provided for in such Obligations, or any one thereof, and that all items required to be delivered or addressed to the Master Trustee hereunder may also be delivered or addressed to the Related Issuer, such Obligation holders, the credit enhancer of any Related Bonds, and the Related Bond Trustee, or any one thereof, unless waived thereby.

Section 414. Indemnity. Each Member will pay, and will protect, indemnify and save the Master Trustee (and its directors, officers, employees and agents) harmless from and against any and all liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and expenses of such Member and the Master Trustee), causes of action, suits, claims, demands and judgments of whatsoever kind and nature (including those arising or resulting from any injury to or death of any person or damage to Property) arising from or in any manner directly or indirectly growing out of or connected with the following:

(1) the use, non-use, condition or occupancy of any of the Property of any Member, any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of any of such Property including adjoining sidewalks, streets or alleys and any equipment or Facilities at any time located on such Property or used in connection therewith but which are not the result of the negligence of the Master Trustee;

(2) violation of any agreement, warranty, covenant or condition of this Master Indenture, except by the Master Trustee;

(3) violation of any contract, agreement or restriction by any Member relating to its Property;

(4) violation of any law, ordinance, regulation or court order affecting any Property of any Member or the ownership, occupancy or use thereof;

(5) any statement or information concerning any Member or its officers and members or its Property, contained in any official statement or other offering document furnished to the Master Trustee or the purchaser of any Obligations or any Related Bonds, that is untrue or incorrect in any material respect, and any omission from such official statement or other offering document of any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning any Member, its officers and members and its Property not misleading in any material respect, provided that the official statement or other offering document has been approved by a Member of the Obligated Group and the indemnified party did not use the official statement or other offering document with reckless disregard of or gross negligence in regard to the accuracy or completeness of the official statement or other offering document; and

(6) the performance by the Master Trustee of its powers, duties and obligations under this Master Indenture except in the case of its negligence, breach of the terms or conditions hereof, or willful misconduct.

Such indemnity shall extend to each Person, if any, who "controls" the Master Trustee as that term is defined in Section 15 of the Securities Act of 1933, as amended. The respective obligations of the Members under this Section 414 to indemnify and hold harmless the Master Trustee shall survive satisfaction and discharge of this Master Indenture and the replacement or resignation of the Master Trustee.

No litigation that is commenced or threatened and that is subject to indemnification under this Section 414 shall be settled without the written consent of the Obligated Group Agent.

The Master Trustee shall promptly notify the Obligated Group Agent in writing of any claim or action brought against the Master Trustee, its directors, officers, employees and agents, or any controlling person, as the case may be, in respect of which indemnity may be sought against any Member, setting forth the particulars of such claim or action, and the Obligated Group will assume the defense thereof, including the employment of Counsel satisfactory in the reasonable discretion of the Master Trustee or such controlling person, as the case may be, and the payment of all expenses, unless the Obligated Group Agent disputes the right of the Master Trustee to indemnity in respect of such claim or action. The failure to provide notice to the Obligated Group Agent of such claim or action promptly shall only impair the Master Trustee's right to indemnification hereunder to the extent the delay in providing such notice impaired the defense of such claim or action. The Master Trustee or any such controlling person, as the case may be, may employ separate Counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such Counsel shall not be payable by the Obligated Group unless such employment has been specifically authorized by the Obligated Group Agent (and the Obligated Group Agent shall authorize such employment if Counsel employed by the Obligated Group would be subject to a conflict of interest if such Counsel also represented the Master Trustee or such controlling person in such claim or action).

Section 415. **Debt Service on Balloon Indebtedness**. For purposes of the computation of the Debt Service Requirement, whether historic or projected, Balloon Indebtedness shall, at the election of the Obligated Group Agent, be deemed to be Indebtedness which was payable over (a) thirty (30) years from the date of incurrence of such Indebtedness, at a rate of interest equal to that derived from the Bond Index, as determined by an Officer's Certificate, (b) the remaining term to maturity of such Indebtedness, at a rate of interest equal to that derived from the Bond Index, as determined by an Officer's Certificate, or (c) the term of refinancing if such Indebtedness is subject to a binding commitment for the refinancing of such Indebtedness, at a rate of interest specified in such refinancing commitment, as determined by an Officer's Certificate, and in each case with level annual debt service.

Section 416. **Debt Service on Variable Rate Indebtedness**. For purposes of the computation of the projected (but not historic) Debt Service Requirement, Variable Rate Indebtedness shall be deemed Indebtedness maturing in accordance with its terms, and which bears interest at a rate equal to that derived from the Bond Index, all as determined by an Officer's Certificate.

Section 417. **Debt Service on Discount Indebtedness**. For purposes of the computation of the Debt Service Requirement, whether historic or projected, the amount of principal represented by Discount Indebtedness shall, at the election of the Obligated Group Agent, be deemed to be the accreted value of such Indebtedness computed on the basis of a constant yield to maturity.

ARTICLE V

REMEDIES

Section 501. **Events of Default.** Each of the following events is hereby declared an "Event of Default":

(a) any failure of the Obligated Group to pay any installment of interest or principal, or any premium, or any other amount due, on any Obligation when the same shall become due and payable, whether at maturity, upon any date fixed for prepayment or by acceleration or otherwise (giving effect to any grace period provided in the Supplemental Master Indenture pursuant to which such Obligation was issued); or

(b) any failure of any Member to comply with, observe or perform any other covenants, conditions, agreements or provisions hereof and to remedy such default within sixty (60) days after written notice thereof to such Member and the Obligated Group Agent from the Master Trustee or the holders of at least 25% in aggregate principal amount of the Outstanding Debt Obligations; provided, that if such default cannot with due diligence and dispatch be wholly cured within sixty (60) days but can be wholly cured, the failure of the Member to remedy such default within such sixty (60)-day period shall not constitute a default hereunder if the Member shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch; and provided, further, that the requirement of written notice and the expiration of a period within which such failure may be remedied shall not apply to (i) the failure of the Obligated Group Agent to retain a Consultant within the period and as otherwise contemplated by Section 407 hereof or (ii) the failure of the Long-Term Debt Service Coverage Ratio of the Obligated Group to be 1.00 to 1 or greater; or

(c) any representation or warranty made by any Member herein or in any Supplemental Master Indenture or in any statement or certificate furnished to the Master Trustee or the purchaser of any Obligation or Related Bond in connection with the delivery of any Obligation or sale of any Related Bond or furnished by any Member pursuant hereto or any Supplemental Master Indenture proves untrue in any material respect as of the date of the issuance or making thereof and the facts or circumstances that make such representation or warranty materially untrue shall not be corrected or brought into compliance within sixty (60) days after

written notice thereof to the Obligated Group Agent by the Master Trustee or the holders of at least 25% in aggregate principal amount of the Outstanding Debt Obligations; or

(d) any default or event of default under or with respect to any Obligation, including but not limited to any default or event of default under any mortgage, loan agreement, reimbursement agreement, standby bond purchase agreement, or other instrument that is evidenced or secured by any such Obligation; or

(e) any default in the payment of the principal of, premium, if any, or interest on any Indebtedness for borrowed money (other than Non-Recourse Indebtedness) of any Member, including without limitation any Indebtedness created by any Related Loan Document, as and when the same shall become due, or an event of default as defined in any mortgage, indenture, loan agreement or other instrument under or pursuant to which there was issued or incurred, or by which there is secured, any such Indebtedness (including any Obligation) of any Member, and which default in payment or event of default results in the acceleration of such Indebtedness prior to the date on which it would otherwise become due and payable; provided, however, that if such Indebtedness is not evidenced by an Obligation or issued, incurred or secured by or under a Related Loan Document, a default in payment thereunder shall not constitute an Event of Default hereunder unless the unpaid principal amount of such Indebtedness, together with the unpaid principal amount of all other Indebtedness so in default, exceeds 10% of the Value of Current Assets of the Obligated Group as shown on or derived from the then latest available financial statements of the Obligated Group; or

(f) any judgment, writ or warrant of attachment or of 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 sixty (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 10% of the Value of Current Assets of the Obligated Group as shown on or derived from the then latest available audited financial statements of the Obligated Group; or

(g) any Material Obligated Group Member admits insolvency or bankruptcy or its inability to pay its debts as they mature, or is generally not paying its debts as such debts become due, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for such Member, or for the major part of its Property; or

(h) a trustee, custodian or receiver is appointed for any Material Obligated Group Member or for the major part of its Property and is not discharged within sixty (60) days after such appointment; or

(i) bankruptcy, dissolution, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against any Material Obligated Group Member (other than bankruptcy proceedings instituted by any Material Obligated Group Member against third parties), and if instituted against any Material Obligated Group Member are allowed against such Member or are consented to or are not dismissed, stayed or otherwise nullified within sixty (60) days after such institution.

Section 502. Acceleration. If an Event of Default has occurred and is continuing, the Master Trustee may, and if requested by the holders of not less than 25% in aggregate principal amount of Outstanding Debt Obligations shall, by notice in writing delivered to the Obligated Group Agent, declare the entire principal amount of or other amounts evidenced under all Obligations then Outstanding hereunder and the interest accrued thereon immediately due and payable, and the entire principal or other amounts and such interest shall thereupon

become immediately due and payable, subject, however, to the provisions of Section 510 hereof with respect to waivers of Events of Default. The foregoing notwithstanding, if the Supplemental Master Indenture creating an Obligation or Obligations includes a requirement that the consent of any credit enhancer, liquidity provider or any other Person be obtained prior to the acceleration of such Obligation or Obligations, the Master Trustee may not accelerate such Obligation or Obligations without the consent of such Person.

Section 503. Remedies; Rights of Obligation Holders. Upon the occurrence of any Event of Default hereunder, the Master Trustee may pursue any available remedy including a suit, action or proceeding at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Obligations Outstanding hereunder and any other sums due under the Obligations or hereunder and may collect such sums in the manner provided by law out of the Property of any Member wherever situated.

If an Event of Default shall have occurred and is continuing, and if it shall have been requested so to do by the holders of 25% or more in aggregate principal amount of Debt Obligations Outstanding (and upon the provision of indemnity satisfactory to the Master Trustee in its sole discretion), the Master Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 503 as the Master Trustee shall deem most expedient in the interests of the holders of Debt Obligations; provided, however, that the Master Trustee shall have the right to decline to comply with any such request if the Master Trustee shall be advised by Counsel (who may be its own Counsel) that the action so requested may not lawfully be taken or the Master Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of Obligations not parties to such request or the Master Trustee receives a specific direction pursuant to Section 504 hereof.

No remedy by the terms of this Master Indenture conferred upon or reserved to the Master Trustee (or to the holders of Debt Obligations) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Master Trustee or to the holders of Debt Obligations hereunder now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Master Trustee or by the holders of Debt Obligations, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 504. Direction of Proceedings by Holders. The holders of a majority in aggregate principal amount of all Debt Obligations then Outstanding which have become due and payable in accordance with their terms or have been declared due and payable pursuant to Section 502 hereof and have not been paid in full in the case of remedies exercised to enforce such payment, or the holders of a majority in aggregate principal amount of the Debt Obligations then Outstanding in the case of any other remedy, shall have the right, at any time, upon the provision of indemnity satisfactory to the Master Trustee in its sole discretion, by an instrument or instruments in writing executed and delivered to the Master Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Master Indenture or for the appointment of a receiver, or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Master Indenture and that the Master Trustee shall have the right to decline to comply with any such request if the Master Trustee shall be advised by Counsel (who may be its own Counsel) that the action so directed may not lawfully be taken or the Master Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of the Obligations not parties to such direction.

The foregoing notwithstanding, the holders of a majority in aggregate principal amount of all Debt Obligations then Outstanding which are entitled to the exclusive benefit of certain security in addition to that intended to secure all or other Obligations shall have the right, at any time, upon the provision of indemnity satisfactory to the Master Trustee in its sole discretion, by an instrument or instruments in writing executed and delivered to the Master Trustee, to direct the method and place of conducting all proceedings to be taken in

connection with the enforcement of the terms and conditions of this Master Indenture, the Supplemental Master Indentures pursuant to which such Obligations were issued or so secured or any separate security document in order to realize on such security; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Master Indenture.

Section 505. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Master Trustee and the holders of Obligations under this Master Indenture, the Master Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the rights and properties pledged hereunder and of the revenues, issues, payments and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 506. Application of Moneys. All moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article V (except moneys held for the payment of Obligations called for prepayment or redemption which have become due and payable) shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of, expenses, liabilities and advances incurred or made by the Master Trustee, any Related Issuers and any Related Bond Trustees, be applied as follows:

(a) Unless all Obligations shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest (and fees, if any) then due on the Obligations, in the order of the maturity of the installments of such interest (including but not limited to the reimbursement of interest paid by a letter of credit provider under any letter of credit securing an issue or series of Related Bonds), and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal and premium, if any, on the Obligations which shall have become due (other than Obligations called for redemption or payment for payment of which moneys are held pursuant to the provisions of this Master Indenture), in the order of the scheduled dates of their payment, and, if the amount available shall not be sufficient to pay in full Obligations due on any particular date, then to the payment ratably, according to the amount of principal and premium due on such date, to the persons entitled thereto without any discrimination or privilege; and

Third: To the payment to the persons entitled thereto of any other amounts which have become due under any and all Obligations.

(b) If all Obligations shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest and all other amounts then due and unpaid upon the Obligations without preference or priority of principal, premium, interest or other amounts over the others, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal, premium, if any, interest and all other amounts to the persons entitled thereto without any discrimination or privilege; and

(c) If all Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article V, then, subject to the provisions of paragraph (b) of this Section 506 in the event that all Obligations shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section 506.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts to be paid on such date shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of this Section 506 and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the person entitled to receive the same; if no other person shall be entitled thereto, then the balance shall be paid to the Obligated Group Agent on behalf of the Members. When all Obligations and interest thereon have been paid under the provisions of this Section 506 and all expenses and charges of the Master Trustee have been paid, the Obligated Group Agent shall be authorized to terminate of record any financing statements or other filings or evidence of any Lien granted hereunder.

Section 507. Remedies Vested in Master Trustee. All rights of action including the right to file proof of claims under this Master Indenture or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Master Trustee shall be brought in its name as Master Trustee without the necessity of joining as plaintiffs or defendants any holders of the Obligations, and any recovery of judgment shall be for the equal benefit of the holders of the Outstanding Obligations.

Section 508. Rights and Remedies of Obligation Holders. No holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Master Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default shall have become an Event of Default and the holders of 25% or more in aggregate principal amount (i) of all Debt Obligations then Outstanding which have become due and payable in accordance with their terms or have been declared due and payable pursuant to Section 502 hereof and have not been paid in full in the case of powers exercised to enforce such payment, or (ii) of all Debt Obligations then Outstanding in the case of any other exercise of power, shall have made written request to the Master Trustee and 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 indemnity reasonably satisfactory to the Master Trustee for its fees and expenses and any other liability which might be incurred by it, and unless the Master Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Master Trustee to be conditions precedent to the execution of the powers and trusts of this Master Indenture and to any action or cause of action for the enforcement of this Master Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Master 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 holders of all Obligations Outstanding. Nothing in this Master Indenture contained shall, however, affect or impair the right of any holder to enforce the payment of the principal of, premium, if any, and interest on, or any other amounts due under, any Obligation at and after the maturity thereof, or the obligation of the Members to pay the principal, premium, if any, and interest on, or any other amounts due under, each of the Obligations issued hereunder to the respective holders thereof at the time and place, from the source and in the manner in said Obligations expressed.

Section 509. Termination of Proceedings. In case the Master Trustee shall have proceeded to enforce any right under this Master Indenture by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Master Trustee, then and in every case the Members and the Master Trustee shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder with respect to the Property pledged

and assigned hereunder, and all rights, remedies and powers of the Master Trustee shall continue as if no such proceedings had been taken.

Section 510. Waiver of Events of Default. If, at any time after all Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided and before the acceleration of any Related Bond, any Member shall pay or shall deposit with the Master Trustee (in connection with any Event of Default described in Section 501(a) hereof) a sum sufficient to pay all matured installments of interest upon all such Obligations and the principal and premium, if any, of, and any other amounts due under, all such Obligations that shall have become due otherwise than by acceleration (with interest on overdue installments of interest and on such principal and premium, if any, at the rate borne by such Obligations to the date of such payment or deposit, to the extent permitted by law) and the fees and expenses of the Master Trustee, and if any and all Events of Default under this Master Indenture, other than the nonpayment of any amounts due under such Obligations that shall have become due by acceleration, shall have been remedied, then and in every such case the holders of a majority in aggregate principal amount of all Debt Obligations then Outstanding, by written notice to the Obligated Group Agent and to the Master Trustee, may waive all Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default, or shall impair any right consequent thereon.

No delay or omission of the Master Trustee or of any holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Master Trustee and the holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

The Master Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

In case of any waiver by the Master Trustee of an Event of Default hereunder, the Members of the Obligated Group, the Master Trustee and the holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 511. Members' Rights of Possession and Use of Property. So long as no Event of Default shall have occurred and be continuing, each Member shall be suffered and permitted to possess, use and enjoy its Property and appurtenances thereto free of claims of the Master Trustee.

Section 512. Related Bond Trustee or Bondholders Deemed To Be Obligation Holders. For the purposes of this Master Indenture, unless a Related Bond Trustee elects to the contrary or contrary provision is made in a Related Bond Indenture and written notice thereof is given to the Master Trustee in either such case, each Related Bond Trustee shall be deemed the holder of the Obligation or Obligations pledged to secure the Related Bonds with respect to which such Related Bond Trustee is acting as trustee. If such a Related Bond Trustee so elects or the Related Bond Indenture so provides and written notice thereof is given to the Master Trustee in either such case, the holders of each series of Related Bonds (or, in lieu thereof, the credit enhancer for such Related Bonds) shall be deemed the holders of the Obligations to the extent of the principal amount of the Obligations to which such Related Bonds relate.

Section 513. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this instrument or the provisions hereof invalid or unenforceable under the provisions of any applicable law.

Section 514. Notice of Default. The Master Trustee shall, within ten (10) days after a Responsible Officer has actual knowledge of the occurrence of an Event of Default, mail, by first class mail, to all

holders as the names and addresses of such holders appear upon the books of the Master Trustee, notice of such Event of Default known to the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of or premium, if any, or interest or any other amounts on any of the Obligations and the Events of Default specified in subsections (g), (h) or (i) of Section 501, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or any responsible officers of the Master Trustee in good faith determines that the withholding of such notice is in the interests of the holders.

ARTICLE VI

THE MASTER TRUSTEE

Section 601. Acceptance of the Trusts. The Master Trustee accepts and agrees to execute the trusts imposed upon it by this Master Indenture, but only upon the terms and conditions set forth herein. The Master Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenants or obligations should be read into this Master Indenture against the Master Trustee. If an Event of Default under this Master Indenture shall have occurred and be continuing and a Responsible Officer of the Master Trustee shall have actual knowledge thereof, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and shall use the same degree of care as a prudent Person would exercise or use in the circumstances in the conduct of his or her own affairs. The Master Trustee agrees to perform such trusts only upon and subject to the following express terms and conditions:

(a) The Master Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees, and shall be entitled to advice of Counsel concerning all matters of trusts hereof and duties hereunder, and may in all cases pay such reasonable compensation to any attorney, agent, receiver or employee retained or employed by it in connection herewith. The Master Trustee may act upon the opinion or advice of an attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care or, if selected or retained by any Member, approved by the Master Trustee in the exercise of such care. The Master Trustee shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice.

(b) The Master Trustee shall not be responsible for any recital herein, or in the Obligations (except with respect to the certificate of authentication of the Master Trustee endorsed on the Obligations), or for the investment of moneys as herein provided (provided that no investment shall be made by the Master Trustee except in compliance with the provisions of this Master Indenture applicable to such investment), or for the recording or re-recording, filing or re-filing of this Master Indenture, or any supplement or amendment thereto, or the filing of financing statements to perfect any security interest hereunder (provided that the Master Trustee shall be responsible for filing continuation statements to perpetuate the perfection of any security interest hereunder prior to the expiration of the financing statements originally filed with respect thereto which name the Master Trustee as secured party and filed copies of which were delivered to the Master Trustee), or for the validity of the execution by any Member of this Master Indenture, or by any Member of any supplemental indentures or instruments of further assurance, or for the sufficiency of the security for the Obligations issued hereunder or intended to be secured hereby, or for the value or title of the Property herein conveyed or otherwise as to the maintenance of the security hereof. The Master Trustee may (but shall be under no duty to) require of any Member full information and advice as to the performance of the covenants, conditions and agreements in this Master Indenture. The Master Trustee shall have no obligation to perform any of the duties of the Obligated Group hereunder.

(c) The Master Trustee shall not be accountable for the use or application by the Obligated Group of any of the Obligations or the proceeds thereof or for the use or application of any money paid over by the Master Trustee in accordance with the provisions of this Master

Indenture. The Master Trustee may become the owner of Obligations secured hereby with the same rights it would have if it were not Master Trustee, and may enter into other business and financial transactions with any Member.

(d) The Master Trustee shall be protected in acting upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of Counsel), affidavit, letter, telegram, email or other paper or document in good faith reasonably deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Master Trustee pursuant to this Master Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of any Obligation shall be conclusive and binding upon all future owners of the same Obligation and upon Obligations issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Master Trustee shall be entitled to rely upon an Officer's Certificate as sufficient evidence of the facts therein contained and, prior to the occurrence of a default of which the Master Trustee has been notified as provided in subsection (g) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Master Trustee may accept an Officer's Certificate to the effect that a resolution in the form therein set forth has been adopted by such Member as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Master Trustee shall not be answerable for other than its gross negligence or willful misconduct.

(g) The Master Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Obligated Group to cause to be made any of the payments to the Master Trustee required to be made by Section 202 or Section 401 unless a Responsible Officer of the Master Trustee shall be specifically notified in writing of such default by a Member, by any Related Issuer, by any Related Bond Trustee, or by the holders of at least 25% in aggregate principal amount of all Debt Obligations then Outstanding and all notices or other instruments required by this Master Indenture to be delivered to the Master Trustee must, in order to be effective, be delivered to a Responsible Officer at the corporate trust office of the Master Trustee that administers this Master Indenture, and in the absence of such notice so delivered, the Master Trustee may conclusively assume there is no default except as aforesaid.

(h) The Master Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(i) Notwithstanding anything contained elsewhere in this Master Indenture, the Master Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Obligation, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Master Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Master Trustee deemed desirable for the purpose of establishing the right of any Member to the authentication of any Obligations, the withdrawal of any cash, the release of any property or the taking of any other action by the Master Trustee.

(j) All moneys received by the Master Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law or by this Master

Indenture. The Master Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(k) No provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(l) Whether or not therein expressly so provided, every provision of this Master Indenture relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section 601.

Section 602. Fees, Charges and Expenses of Master Trustee. The Master Trustee shall be entitled to payment and/or reimbursement by the Members for reasonable fees for its services rendered hereunder and all advances, Counsel fees and expenses and other expenses reasonably and necessarily made or incurred by the Master Trustee in connection with such services. The Master Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Master Trustee as Obligation registrar for the Obligations as hereinabove provided. Upon an Event of Default, but only upon an Event of Default, the Master Trustee shall have a right of payment prior to payment on account of principal of, or premium, if any, or interest on, or any other amounts due under, any Obligation for the foregoing advances, fees, costs and expenses incurred. The respective obligations of the Members under this Section 602 to compensate the Master Trustee to pay or reimburse the Master Trustee for expenses, disbursements or advances, shall survive satisfaction and discharge of this Master Indenture.

Section 603. Notice to Obligation Holders if Default Occurs. If a default occurs of which the Master Trustee is by subsection (g) of Section 601 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Master Trustee shall give written notice thereof by mail to the last known owners of all Obligations then Outstanding shown by the list of Obligation holders required by the terms of this Master Indenture to be kept at the office of the Master Trustee or its agent.

Section 604. Intervention by Master Trustee. In any judicial proceeding to which any Member is a party and which in the opinion of the Master Trustee and its Counsel has a substantial bearing on the interests of owners of the Obligations, the Master Trustee may intervene on behalf of Obligation holders and shall do so if requested in writing by the owners of at least 25% in aggregate principal amount of all Debt Obligations then Outstanding if indemnification satisfactory to the Master Trustee in its sole discretion is provided to the Master Trustee. The rights and obligations of the Master Trustee under this Section 604 are subject to the approval of a court of competent jurisdiction.

Section 605. Successor Master Trustee. Any corporation or association into which the Master Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Master Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 606. Corporate Master Trustee Required; Eligibility. There shall at all times be a Master Trustee hereunder which shall be a bank or trust company organized under the laws of the United States of America or any state thereof, authorized to exercise corporate trust powers, subject to supervision or examination by federal or state authorities, and (except for the Master Trustee initially appointed under this Master Indenture and its successors under Section 605) having a reported combined capital and surplus of at least $50,000,000. If at any time the Master Trustee shall cease to be eligible in accordance with the provisions of this Section 606, it shall resign immediately in the manner provided in Section 607 hereof. No resignation or removal of the Master Trustee and no appointment of a successor Master Trustee shall become effective until the successor Master Trustee has accepted its appointment under Section 610 hereof.

Section 607. Resignation by the Master Trustee. The Master Trustee and any successor Master Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice to the Obligated Group Agent and by registered or certified mail to each registered owner of Obligations then Outstanding as shown by the list of Obligation holders required by this Master Indenture to be kept at the office of the Master Trustee or its agent. Such resignation shall take effect at the end of such thirty days or when a successor Master Trustee has been appointed and has assumed the trusts created hereby, whichever is later, or upon the earlier appointment of a successor Master Trustee by the Obligation holders pursuant to Section 609 hereof or by the Obligated Group Agent. Such notice to the Obligated Group Agent may be served personally or sent by registered or certified mail.

Section 608. Removal of the Master Trustee. The Master Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Master Trustee and to the Obligated Group Agent, and signed by the owners of a majority in aggregate principal amount of all Debt Obligations then Outstanding. So long as no Event of Default or event which with the passage of time or giving of notice or both would become such an Event of Default has occurred and is continuing hereunder, the Master Trustee may be removed with or without cause at any time by an instrument or concurrent instruments in writing signed by the Obligated Group Agent, delivered to the Master Trustee.

Section 609. Appointment of Successor Master Trustee by the Obligation Holders; Temporary Master Trustee. In case the Master Trustee hereunder shall resign or be removed, or be dissolved, or shall be in the process of dissolution or liquidation, or otherwise becomes incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of all Debt Obligations then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized. The foregoing notwithstanding, so long as no Event of Default or event which with the passage of time or giving of notice or both would become such an Event of Default has occurred, the Obligated Group Agent shall have the right to approve any such successor trustee and to appoint any such successor trustee in lieu of the owners of a majority in aggregate principal amount of all Debt Obligations then Outstanding. Every such successor Master Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing under the law of the jurisdiction in which it was created and by which it exists, having corporate trust powers and subject to examination by federal or state authorities, and having a reported capital and surplus of not less than $50,000,000. If the Master Trustee has provided written notice of its resignation and no successor Master Trustee has been appointed in accordance with the terms of this Article VI within 30 days after such notice, the Master Trustee may make a request to a court of competent jurisdiction to appoint a successor.

Section 610. Concerning Any Successor Master Trustee. Every successor Master Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Obligated Group Agent an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Obligated Group Agent, or of its successor, execute and deliver an instrument transferring to such successor Master Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Master Trustee shall deliver all securities and moneys held by it as Master Trustee hereunder to its successor. Should any instrument in writing from any Member be required by any successor Master Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by such Member. The resignation of any Master Trustee and the instrument or instruments removing any Master Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article VI shall be filed and/or recorded by the successor Master Trustee in each recording office, if any, where the Master Indenture shall have been filed and/or recorded.

Section 611. Master Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates and other instruments provided for in this Master Indenture may be accepted by the Master Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Master Trustee for the release of property and the withdrawal of cash hereunder except in the case of its gross negligence or willful misconduct.

Section 612. Successor Master Trustee as Trustee of Funds and Obligation Registrar. In the event of a change in the office of Master Trustee, the predecessor Master Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Obligation registrar, and the successor Master Trustee shall become such Master Trustee and Obligation registrar. The resigned or removed Master Trustee shall be responsible for transferring to the successor Master Trustee all books, records and assets (including without limitation the Gross Revenues Account and any balance therein) theretofore maintained by the resigned or removed Master Trustee hereunder.

Section 613. Maintenance of Records. The Master Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Master Trustee pursuant to the provisions hereof as are reasonably requested by the Obligated Group Agent. The Master Trustee shall be entitled to reasonable compensation for its maintenance of any such records.

Section 614. List of Obligation Holders. The Master Trustee will keep on file at its office or at the office of its agent a list of the names and addresses of the last known holders of all Obligations and the serial numbers of such Obligations held by each of such holders. At reasonable times, upon prior written notice, and under reasonable regulations established by the Master Trustee, said list may be inspected and copied by any Member, any Obligation holder or the authorized representative thereof, provided that the ownership of such holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

Section 615. Master Trustee as Registrar. The Master Trustee is hereby designated and agrees to act as Obligation registrar for and in respect to the Obligations.

ARTICLE VII

SUPPLEMENTAL MASTER INDENTURES

Section 701. Supplemental Master Indentures Not Requiring Consent of Obligation Holders. Subject to the limitations set forth in Section 702 hereof with respect to this Section 701, the Members (or the Obligated Group Agent on their behalf) and the Master Trustee may, without the consent of, or notice to, any of the Obligation holders, amend or supplement this Master Indenture, for any one or more of the following purposes:

(a) To cure any ambiguity or defective provision in or omission from this Master Indenture in such manner as is not inconsistent with and does not impair the security of the Master Indenture or adversely affect the holder of any Obligation;

(b) To grant to or confer upon the Master Trustee for the benefit of the Obligation holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Obligation holders and the Master Trustee, or either of them, to add to the covenants of the Members for the benefit of the Obligation holders or to surrender any right or power conferred hereunder upon any Member, including, but not limited to, any amendments necessary to establish or maintain any credit ratings applicable to the Obligated Group;

(c) To assign and pledge under this Master Indenture any additional revenues, properties or collateral;

(d) To evidence the succession of another entity to the agreements of a Member or the Master Trustee, or the successor to any thereof hereunder;

(e) To permit the qualification of this Master Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter in effect or to permit the qualification of any Obligations for sale under the securities laws of any state of the United States;

(f) To provide for the refunding or advance refunding of any Obligation (subject to the provisions of Section 410(b) hereof;

(g) To provide for the issuance of Obligations as permitted hereunder;

(h) To reflect the addition to or withdrawal of a Member from the Obligated Group, including the necessary changes to Exhibit A hereto, or to reflect any release of Property to be released from the Lien on Gross Revenues created under this Master Indenture to the extent such release constitutes a Permitted Disposition;

(i) To permit an Obligation to be secured by security which is not extended to all Obligation holders to the extent not prohibited hereby;

(j) To modify or eliminate any of the terms of this Master Indenture; provided, however, that such Supplemental Master Indenture shall expressly provide that any such modifications or eliminations shall become effective only when there is no Obligation Outstanding of any series created prior to the execution of such Supplemental Master Indenture; and

(k) To make any other change that does not materially adversely affect the rights or interests of the holders of any of the Obligations and does not materially adversely affect the rights or interests of the holders of any Related Bonds, including without limitation any modification, amendment or supplement to this Master Indenture or any indenture supplemental hereto in such a manner as to establish or maintain exemption of interest on any Related Bonds under a Related Bond Indenture from federal income taxation under applicable provisions of the Code.

Any Supplemental Master Indenture providing for the issuance of Obligations shall set forth the date thereof, the date or dates upon which principal of, premium, if any, and interest on, and any other amounts due under, such Obligations shall be payable, the other terms and conditions of such Obligations, the form of such Obligations and the conditions precedent to the delivery of such Obligations which shall include, among other things:

(a) delivery to the Master Trustee of an opinion of Counsel acceptable to the Master Trustee to the effect that all requirements and conditions to the issuance of such Obligations, if any, set forth herein and in the Supplemental Master Indenture have been complied with and satisfied; and

(b) delivery to the Master Trustee of an opinion of Counsel acceptable to the Master Trustee to the effect that neither registration of such Obligations under the Securities Act of 1933, as amended, nor qualification of such Supplemental Master Indenture under the Trust Indenture Act of 1939, as amended, is required, or, if such registration or qualification is required, that the Obligated Group has complied with all applicable provisions of said acts.

Section 702. Supplemental Master Indentures Requiring Consent of Obligation Holders. In addition to Supplemental Master Indentures covered by Section 701 hereof and subject to the terms and provisions contained in this Section 702, and not otherwise, the holders of not less than a majority in aggregate principal amount of all Debt Obligations which are Outstanding hereunder at the time of the execution of such Supplemental Master Indenture or, in case less than all of the several series of Debt Obligations are affected thereby, the holders of not less than a majority in aggregate principal amount of all Debt Obligations of each series affected thereby which are Outstanding hereunder at the time of the execution of such Supplemental Master Indenture, shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the execution by the Members and the Master Trustee of such Supplemental Master Indentures as shall be deemed necessary and desirable by the Members for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Master Indenture or in any Supplemental Master Indenture; provided, however, that nothing contained in this Section 702 or in Section 701 hereof shall permit, or be construed as permitting, (a) an extension of the stated maturity or reduction

in the principal or other amount of or reduction in the rate or extension of the time of paying of interest on or reduction of any premium payable on the redemption of, any Obligation, without the consent of the holder of such Obligation, (b) a reduction in the aforesaid aggregate principal or other amount or percentage of Obligations the holders of which are required to consent to any such Supplemental Master Indenture, without the consent of the holders of all the Obligations at the time Outstanding that would be affected by the action to be taken, or (c) modification of the rights, duties or immunities of the Master Trustee, without the written consent of the Master Trustee.

If at any time the Obligated Group Agent shall request the Master Trustee to enter into any such Supplemental Master Indenture for any of the purposes of this Section 702, the Master Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Master Indenture to be mailed by first class mail postage prepaid to each holder of an Obligation or, in case less than all of the series of Obligations are affected thereby, of an Obligation of the series affected thereby. Such notice shall briefly set forth the nature of the proposed Supplemental Master Indenture and shall state that copies thereof are on file at the corporate trust office of the Master Trustee identified in such notice for inspection by all Obligation holders. The Master Trustee shall not, however, be subject to any liability to any Obligation holder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Master Indenture when consented to and approved as provided in this Section 702. If the holders of not less than a majority in aggregate principal amount of all Debt Obligations or the Debt Obligations of each series affected thereby, as the case may be, which are Outstanding hereunder at the time of the execution of any such Supplemental Master Indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Obligation shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or the Members from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Master Indenture as in this Section 702 permitted and provided, this Master Indenture shall be and be deemed to be modified and amended in accordance therewith.

For the purpose of obtaining the foregoing consents, the determination of who is deemed the holder of an Obligation held by a Related Bond Trustee shall be made in the manner provided in Section 512.

Section 703. Execution of Supplemental Master Indentures. The Master Trustee shall not be required to execute any proposed Supplemental Master Indenture pursuant to this Article VII unless it is provided with (i) an opinion of Counsel satisfactory to the Master Trustee to the effect that such proposed Supplemental Master Indenture and its execution by the Master Trustee are permitted or authorized under this Article VII; and (ii) an opinion of nationally recognized bond counsel to the effect that such Supplemental Master Indenture will not adversely affect the exemption of interest on any Related Bonds from income tax under the Code.

ARTICLE VIII

SATISFACTION OF THE MASTER INDENTURE

Section 801. Defeasance. If the Members shall pay or provide for the payment of the entire indebtedness on all Obligations (including, for the purposes of this Section 801, any Obligations owned by a Member) Outstanding 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, and any other amounts due under, all Obligations Outstanding, as and when the same become due and payable;

(b) by depositing with the Master Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Obligations Outstanding (including the payment of premium, if any, and interest payable on, and any other amounts due under, such Obligations to the maturity or redemption date thereof), provided that such moneys, if invested, shall be invested at the direction of the Obligated Group Agent in Escrow Securities, in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or

redeem (when redeemable) and discharge the indebtedness on all Obligations Outstanding at or before their respective maturity dates; it being understood that the investment income on such Escrow Securities may be used at the direction of the Obligated Group Agent for any other purpose permitted by law;

(c) by delivering to the Master Trustee, for cancellation by it, all Obligations Outstanding; or

(d) by depositing with the Master Trustee, in trust, before maturity, non-callable Escrow Securities in such amount as will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the amounts due on all Obligations Outstanding at or before their respective maturity or due dates;

and if the Obligated Group shall also pay or cause to be paid all other sums payable hereunder by the Obligated Group and, if any such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given in accordance with the requirements of this Master Indenture or provisions satisfactory to the Master Trustee shall have been made for the giving of such notice, then and in that case (but subject to the provisions of Section 803 hereof) this Master Indenture and the estate and rights granted hereunder shall cease, determine, and become null and void, and thereupon the Master Trustee shall, upon written request of the Obligated Group Agent, and upon receipt by the Master Trustee of an Officer's Certificate and an opinion of Counsel acceptable to the Master Trustee, each stating that in the opinion of the signer all conditions precedent to the satisfaction and discharge of this Master Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Master Indenture and the lien hereof. The satisfaction and discharge of this Master Indenture shall be without prejudice to the rights of the Master Trustee to charge and be reimbursed by the Obligated Group for any expenditures which it may thereafter incur in connection herewith. Thereafter the holders of the Obligations shall be entitled to payment only out of the moneys or Escrow Securities deposited with the Master Trustee as aforesaid.

Any moneys, funds, securities, or other property remaining on deposit under this Master Indenture (other than said Escrow Securities or other moneys deposited in trust as above provided) shall, upon the full satisfaction of this Master Indenture, forthwith be transferred, paid over and distributed to the Obligated Group Agent.

The Obligated Group may at any time surrender to the Master Trustee for cancellation by it any Obligations previously authenticated and delivered which the Obligated Group may have acquired in any manner whatsoever, and such Obligations, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 802. Provision for Payment of a Particular Series of Obligations or Portion Thereof. If the Obligated Group shall pay or provide for the payment of the entire indebtedness on all Obligations of a particular series or a portion of such a series (including, for the purpose of this Section 802, any such Obligations owned by a Member) in one of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on, and any other amounts due under, all Obligations of such series or portion thereof Outstanding, as and when the same shall become due and payable;

(b) by depositing with the Master Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Obligations of such series or portion thereof Outstanding (including the payment of premium, if any, and interest payable on, and any other amounts due under, such Obligations to the maturity or redemption date), provided that such moneys, if invested, shall be invested at the direction of the Obligated Group Agent in Escrow Securities in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations of such series or portion thereof Outstanding at or before their respective maturity dates; it being

understood that the investment income on such Escrow Securities may be used at the direction of the Obligated Group Agent for any other purpose permitted by law;

(c) by delivering to the Master Trustee, for cancellation by it, all Obligations of such series or portion thereof Outstanding; or

(d) by depositing with the Master Trustee, in trust, non-callable Escrow Securities in such amount as will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations of such series or portion thereof at or before their respective maturity dates;

and if the Obligated Group shall also pay or cause to be paid all other sums payable hereunder by the Obligated Group with respect to such series of Obligations or portion thereof, and, if any such Obligations of such series or portion thereof are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given in accordance with the requirements of the Master Indenture or provisions satisfactory to the Master Trustee shall have been made for the giving of such notice, then in that case (but subject to the provisions of Section 803 hereof) such Obligations shall cease to be entitled to any lien, benefit or security under the Master Indenture except for such Liens solely on amounts held by the Master Trustee for the payment or redemption of such Obligations as may then exist.

Section 803. Satisfaction of Related Bonds. The provisions of Section 801 and Section 802 of this Master Indenture notwithstanding, any Obligation which secures Related Bonds (i) shall be deemed paid and shall cease to be entitled to the lien, benefit and security under the Master Indenture in the circumstances relating to the satisfaction, repayment or defeasance of such Related Bonds described in of the definition of "Outstanding Obligations" contained in Article I; and (ii) shall not be deemed paid and shall continue to be entitled to the lien, benefit and security under this Master Indenture unless and until such Related Bond shall cease to be entitled to any lien, benefit or security under the Related Bond Indenture pursuant to the provisions thereof.

ARTICLE IX

MANNER OF EVIDENCING OWNERSHIP OF OBLIGATIONS

Section 901. Proof of Ownership. Any request, direction, consent or other instrument provided by this Master Indenture to be signed and executed by the Obligation holders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Obligation holders in person or by an agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes of this Master Indenture and shall be conclusive in favor of the Master Trustee and the Obligated Group, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgements in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(b) The ownership of Obligations shall be proved by the registration of such Obligations.

Any action taken or suffered by the Master Trustee pursuant to any provision of this Master Indenture, upon the request or with the assent of any person who at the time is the holder of any Obligation or Obligations, shall be conclusive and binding upon all future holders of the same Obligation or Obligations or any Obligation or Obligations issued in exchange therefor.

ARTICLE X

MISCELLANEOUS

Section 1001. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Obligations is intended or shall be construed to give to any Person other than the parties hereto, and the holders of the Obligations, any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and provisions herein contained; this Master Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Obligations as herein provided.

Section 1002. Unclaimed Moneys. Any moneys deposited with the Master Trustee by the Obligated Group in accordance with the terms and covenants of this Master Indenture, in order to redeem or pay any Obligation in accordance with the provisions of this Master Indenture, and remaining unclaimed by the owners of the Obligation for two (2) years after the date fixed for redemption or of maturity, as the case may be, shall, to the extent permitted by law and if the Obligated Group is not at the time to the knowledge of a Responsible Officer of the Master Trustee in default with respect to any of the terms and conditions of this Master Indenture, or in the Obligations, be repaid by the Master Trustee to the Obligated Group Agent upon its written request therefor on behalf of the Members; and thereafter the registered owners of the Obligation shall be entitled to look only to the Obligated Group for payment thereof. The Obligated Group hereby covenants and agrees to indemnify and save the Master Trustee harmless from any and all losses, costs, liability and expense suffered or incurred by the Master Trustee by reason of having returned any such moneys to the Members as herein provided. If any Obligation or evidence of beneficial ownership of such Obligation shall not be presented for payment when the principal thereof becomes due (whether at maturity, by acceleration, upon call for redemption, upon purchase or otherwise), all liability of the Obligated Group to the registered owner thereof for the payment of such Obligation shall forthwith cease, terminate and be completely discharged if funds sufficient to pay such Obligation and interest due thereon, if any, are held by the Master Trustee uninvested for the benefit of the registered owner thereof. The registered owner shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his or her part under this Master Indenture or on, or with respect to, such Obligation.

Section 1003. Severability. If any provision of this Master Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Master Indenture contained, shall not affect the remaining portions of this Master Indenture, or any part thereof.

Section 1004. Notices. It shall be sufficient service of any notice, complaint, demand or other paper on the Obligated Group Agent or any other Member if the same shall be delivered in person, by overnight courier, or duly mailed by registered or certified mail addressed as follows: Yale-New Haven Health Services Corporation, One Church Street, New Haven, Connecticut, 06510, Attention: President. It shall be sufficient service of any notice, complaint, demand or other paper on the Master Trustee if the same shall be delivered in person, by overnight courier, or duly mailed by registered or certified mail addressed as follows: U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103, Attention: Corporate Trust Department.

Section 1005. Counterparts. This Master Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1006. Applicable Law. This Master Indenture shall be governed exclusively by the applicable laws of the State of Connecticut.

Section 1007. Immunity of Officers, Employees and Members of Members. No recourse shall be had for the payment of any amounts due under any of the Obligations or for any claim based thereon or upon any obligation, covenant or agreement in this Master Indenture contained against any past, present or future officer, director, trustee, employee, member or agent of any Member, or of any successor corporation or other legal entity, as such, either directly or through any Member or any successor corporation or other legal entity, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, trustees, employees, members or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Master Indenture and the issuance of such Obligations.

Section 1008. Holidays. If the date for making any payment or the date for performance of any act or the exercising of any right, as provided in this Master Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Master Indenture.

IN WITNESS WHEREOF, YNHHS, Yale-New Haven Hospital, Bridgeport Hospital, BH Foundation, NEMG, and Care Continuum, as the initial Members of the Obligated Group, have each caused these presents to be signed in its name and on its behalf by a duly authorized officer, and to evidence its acceptance of the trusts hereby created the Master Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all as of the day and year first above written.

YALE-NEW HAVEN HEALTH SERVICES CORPORATION, on behalf of itself and as Obligated Group Agent

By: _____
Name: James M. Staten
Title: Executive Vice President, Corporate and Financial Services

YALE-NEW HAVEN HOSPITAL, INC.

By: _____
Name: James M. Staten
Title: Chief Financial Officer and Senior Vice President of Finance

BRIDGEPORT HOSPITAL

By: _____
Name: Patrick McCabe
Title: Senior Vice President and Chief Financial Officer

BRIDGEPORT HOSPITAL FOUNDATION, INC.

By: _____
Name: _____
Title: _____

NORTHEAST MEDICAL GROUP, INC.

By: _____
Name: _____
Title: _____

YALE-NEW HAVEN CARE CONTINUUM CORPORATION

By: _____
Name: _____
Title: _____

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

By: _____
Name: Elizabeth C. Hammer
Title: Vice President

EXHIBIT A

OBLIGATED GROUP MEMBERS

Yale-New Haven Health Services Corporation
Yale-New Haven Hospital, Inc.
Bridgeport Hospital
Bridgeport Hospital Foundation, Inc.
Northeast Medical Group, Inc.
Yale-New Haven Care Continuum Corporation

EXHIBIT B

LIENS ON GROSS REVENUES

Pledge of Gross Revenues securing the $36,415,000 State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Bridgeport Hospital Issue, Series D.

Pledge of Gross Revenues securing the $44,815,000 State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Yale-New Haven Hospital Issue, Series N.

Pledge of Gross Revenues securing the $50,000,000 State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Yale-New Haven Hospital Issue, Series O.

Pledge of Gross Revenues securing the $132,000,000 Yale-New Haven Hospital Taxable Bonds, Series 2013.

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
University of Hartford Issue, Series A dated July 1, 1966	$4,100,000	$4,100,000	$0
Middlesex Memorial Hospital Issue, Series A dated July 1, 1967	9,300,000	9,300,000	0
Danbury Hospital Issue, Series A dated July 1, 1968	8,500,000	8,500,000	0
Mount Sinai Hospital Issue, Series A dated July 1, 1968	11,450,000	11,450,000	0
New Britain General Hospital Issue, Series A dated July 1, 1968	5,540,000	5,540,000	0
New Haven College Issue, Series A dated July 1, 1968	2,950,000	2,950,000	0
Rockville General Hospital Issue, Series A dated July 1, 1968	3,400,000	3,400,000	0
Lawrence and Memorial Hospitals Issue, Series A dated July 1, 1969	5,380,000	5,380,000	0
University of Hartford Issue, Series B dated July 1, 1969	6,680,000	6,680,000	0
Danbury Hospital Issue, Series B dated July 1, 1970	1,500,000	1,500,000	0
Waterbury Hospital Issue, Series A dated July 1, 1970	10,950,000	10,950,000	0
Windham Hospital Issue, Series A dated July 1, 1970	3,860,000	3,860,000	0
Yale University Issue, Series A dated July 1, 1970	2,440,000	2,440,000	0
Yale University Issue, Series B dated July 1, 1970	12,300,000	12,300,000	0
Charlotte Hungerford Hospital Issue, Series A dated July 1, 1971	2,400,000	2,400,000	0
St. Francis Hospital Issue, Series A dated July 1, 1971	16,700,000	16,700,000	0
University of Bridgeport Issue, Series A dated July 1, 1971	7,500,000	7,500,000	0
Yale-New Haven Hospital Issue, Series A dated July 1, 1971	9,250,000	9,250,000	0
Wesleyan University Issue, Series A dated July 1, 1972	30,550,000	30,550,000	0
Yale University Issue, Series C dated July 1, 1972	2,780,000	2,780,000	0
St. Vincent's Hospital Issue, Series A dated July 1, 1973	23,450,000	23,450,000	0
Middlesex Memorial Hospital Issue, Series B dated July 1, 1974	8,220,000	8,220,000	0
Norwalk Hospital Issue, Series A dated March 1, 1976	13,800,000	13,800,000	0
Danbury Hospital Issue, Series C-1976 dated July 1, 1976	19,750,000	19,750,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Yale University Issue, Series D dated July 1, 1976	16,400,000	16,400,000	0
Fairfield University Issue, Series A dated July 1, 1977	4,150,000	4,150,000	0
Trinity College Issue, Series A dated July 1, 1977	6,000,000	6,000,000	0
Yale-New Haven Hospital Issue, Series B-1979 dated July 1, 1979	59,500,000	59,500,000	0
Hartford Hospital Issue, Series A dated September 12, 1979	1,800,000	1,800,000	0
St. Mary's Hospital Issue, Series A dated January 1, 1980	25,985,000	25,985,000	0
Fairfield University Issue, Series B dated July 1, 1980	4,680,000	4,680,000	0
Connecticut Hospice Issue, Series A dated July 16, 1980	1,450,000	1,450,000	0
Quinnipiac College Issue, Series A dated October 22, 1980	1,900,000	1,900,000	0
University of New Haven Issue, Series B dated April 15, 1981	5,210,000	5,210,000	0
Manchester Memorial Hospital Issue, Series A dated June 1, 1981	14,800,000	14,800,000	0
Meriden-Wallingford Hospital Issue, Series A dated July 1, 1981	24,200,000	24,200,000	0
Fairfield University Issue, Series C dated November 12, 1981	3,500,000	3,500,000	0
Yale-New Haven Hospital Issue, Series C-1981 dated March 1, 1982	6,500,000	6,500,000	0
Community Health Care Center Plan Issue, Series A dated December 22, 1982	2,500,000	2,500,000	0
Yale University Issue, Series E dated February 9, 1983	28,500,000	28,500,000	0
Yale University Issue, Series F dated March 1, 1983	30,250,000	30,250,000	0
Wesleyan University Issue, Series B dated March 15, 1983	16,175,000	16,175,000	0
Danbury Hospital Issue, Series D dated April 15, 1983	49,995,000	49,995,000	0
William W. Backus Hospital Issue, Series A dated November 22, 1983	3,060,000	3,060,000	0
Connecticut College Issue, Series A dated January 1, 1984	4,250,000	4,250,000	0
Stamford Hospital Issue, Series A dated May 1, 1984	19,410,000	19,410,000	0
Hospital of St. Raphael Issue, Series A dated October 1, 1984	45,030,000	45,030,000	0
Fairfield University Issue, Series D dated November 20, 1984	2,300,000	2,300,000	0
Hospital Equipment Issue, Series A dated March 1, 1985	14,530,000	14,530,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
University of New Haven Issue, Series C dated June 27, 1985	2,275,000	2,275,000	0
Yale-New Haven Hospital Issue, Series D dated July 1, 1985	45,900,000	45,900,000	0
Yale University Issue, Series G,H,I and J dated October 15, 1985	90,400,000	90,400,000	0
Yale-New Haven Hospital Issue, Series E dated November 1, 1985	15,000,000	15,000,000	0
William W. Backus Hospital Issue, Series B dated November 15, 1985	4,860,000	4,860,000	0
Hartford Graduate Center Issue, Series A dated November 20, 1985	5,700,000	5,700,000	0
Trinity College Issue, Series B dated December 30, 1985	10,700,000	10,700,000	0
Center for Continuing Care Center of Greater Stamford Issue, Series A dated May 1, 1986	8,015,000	8,015,000	0
Manchester Memorial Hospital Issue, Series B dated November 15, 1986	15,325,000	15,325,000	0
Hebrew Home and Hospital Issue, Series A dated January 1, 1987	21,760,000	21,760,000	0
Yale University Issue, Series K dated March 1, 1987	34,290,000	34,290,000	0
Fairfield University Issue, Series E dated July 1, 1987	15,575,000	15,575,000	0
Capital Asset Pool Issue, Series A dated February 1, 1988	10,930,000	10,930,000	0
University of Hartford Issue, Series C dated April 1, 1988	61,915,000	61,915,000	0
Yale University Issue, Series L,M,N,O dated July 28, 1988	90,000,000	90,000,000	0
St. Mary's Hospital Issue, Series B dated August 15, 1988	33,645,000	33,645,000	0
Wesleyan University Issue, Series C dated September 22, 1988	38,300,000	38,300,000	0
Bradley Health Care Issue, Series A dated December 1, 1988	7,385,000	7,385,000	0
Hospital of Saint Raphael Issue, Series B & C dated December 1, 1988	72,440,000	72,440,000	0
Kingswood-Oxford School Issue, Series A dated April 15, 1989	2,800,000	2,800,000	0
Lutheran General Health Care System dated April 15, 1989	10,650,000	10,650,000	0
Stamford Hospital Issue, Series B dated June 1, 1989	10,450,000	10,450,000	0
Yale University Issue, Series P dated September 27, 1989	6,350,000	6,350,000	0
Fairfield University Issue, Series F dated October 1, 1989	11,700,000	11,700,000	0
Capital Asset Pool Issue, Series B dated November 1, 1989	23,275,000	23,275,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Quinnipiac College Issue, Series B dated November 15, 1989	11,340,000	11,340,000	0
Manchester Memorial Hospital Issue, Series C dated January 15, 1990	5,005,000	5,005,000	0
Lawrence and Memorial Hospital Issue, Series B dated February 1,1990	9,295,000	9,295,000	0
Bristol Hospital Issue, Series A dated March 1, 1990	18,250,000	18,250,000	0
Taft School Issue, Series A dated April 15, 1990	11,870,000	11,870,000	0
Windham Hospital Issue, Series B dated June 13, 1990	20,600,000	20,600,000	0
Loomis Chaffee School Issue, Series A dated June 28, 1990	7,000,000	7,000,000	0
St. Mary's Hospital Issue, Series C dated August 1, 1990	18,980,000	18,980,000	0
Charlotte Hungerford Hospital Issue, Series B dated September 20, 1990	10,900,000	10,900,000	0
Quinnipiac College Issue, Series C dated November 1, 1990	4,000,000	4,000,000	0
Waterbury Hospital Issue, Series B dated November 1, 1990	20,130,000	20,130,000	0
Yale-New Haven Hospital Issue, Series F dated November 1, 1990	124,395,000	124,395,000	0
Kent School Issue, Series A dated December 1, 1990	26,000,000	26,000,000	0
Capital Asset Issue, Series C dated December 1, 1990	13,180,000	13,180,000	0
Hospital of Saint Raphael Issue, Series D & E dated April 1, 1991	20,280,000	20,280,000	0
Stamford Hospital Issue, Series C, D & E dated May 1, 1991	22,240,000	22,240,000	0
Connecticut College Issue, Series B dated August 31, 1991	5,800,000	5,800,000	0
Danbury Hospital Issue, Series E dated September 1, 1991	37,620,000	37,620,000	0
Sharon Health Care, Inc. Issue, Series A dated November 1, 1991	7,290,000	7,290,000	0
New Britain Memorial Hospital Issue, Series A dated December 1, 1991	44,805,000	44,805,000	0
Tolland County Health Care, Inc. Issue, Series A dated December 1, 1991	8,900,000	8,900,000	0
Johnson Evergreen Corporation Issue, Series A dated January 1, 1992	8,590,000	8,590,000	0
Saint Francis Hospital Issue, Series B dated January 1, 1992	27,845,000	27,845,000	0
Hospital of Saint Raphael Issue, Series F & G dated January 1, 1992	28,025,000	28,025,000	0
Middlesex Hospital Issue, Series C,D,E,F & G dated March 1, 1992	38,940,000	38,940,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Bridgeport Hospital Issue, Series A dated March 1, 1992	25,890,000	25,890,000	0
Yale-New Haven Hospital Issue, Series G dated April 1, 1992	34,315,000	34,315,000	0
Lawrence and Memorial Hospital, Series C dated April 1, 1992	51,950,000	51,950,000	0
Norwalk Health Care Issue, Series A dated May 1, 1992	13,060,000	13,060,000	0
Norwalk Hospital Issue, Series B, C & D dated May 15, 1992	23,100,000	23,100,000	0
Trinity College Issue, Series C dated July 1, 1992	20,370,000	20,370,000	0
Yale University Issue, Series Q & R dated August 3, 1992	87,600,000	87,600,000	0
William W. Backus Hospital Issue, Series C dated September 1, 1992	14,700,000	14,700,000	0
University of Hartford Issue, Series D dated October 1, 1992	76,720,000	76,720,000	0
Sacred Heart University Issue, Series A dated November 1, 1992	6,160,000	6,160,000	0
Manchester Memorial Hospital Issue, Series D dated February 1, 1993	8,430,000	8,430,000	0
Griffin Hospital Issue, Series A dated March 1, 1993	30,285,000	30,285,000	0
The Taft School Issue, Series B dated July 1, 1993	13,425,000	13,425,000	0
Quinnipiac College Issue, Series D dated August 1, 1993	50,700,000	50,700,000	0
Fairfield University Issue, Series G dated September 15, 1993	25,255,000	25,255,000	0
Sacred Heart University Issue, Series B dated October 1, 1993	12,500,000	12,500,000	0
Saint Francis Hospital Issue, Series C dated October 1, 1993	110,505,000	110,505,000	0
Forman School Issue, Series A dated November 12, 1993	4,000,000	4,000,000	0
Hospital of Saint Raphael Issue, Series H & I dated November 1, 1993	73,575,000	73,575,000	0
Lawrence and Memorial Hospital Issue, Series D dated December 1, 1993	58,165,000	58,165,000	0
New Britain General Hospital Issue, Series B dated April 1, 1994	48,870,000	48,870,000	0
Trinity College Issue, Series D dated April 1, 1994	17,000,000	17,000,000	0
Newington Children's Hospital Issue, Series A dated August 15, 1994	53,750,000	53,750,000	0
Choate Rosemary Hall Issue, Series A dated November 15, 1994	25,070,000	25,070,000	0
Pomfret School Issue, Series A dated January 25, 1995	7,785,000	7,785,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
The Loomis Chaffee School Issue, Series B dated January 1, 1995	10,260,000	10,260,000	0
Bridgeport Hospital Issue, Series B dated April 12, 1995	31,500,000	31,500,000	0
Kent School Issue, Series B dated July 1, 1995	26,915,000	26,915,000	0
Day Kimball Hospital Issue, Series A dated November 1, 1995	19,150,000	19,150,000	0
Bridgeport Hospital Issue, Series C dated December 1, 1995	54,805,000	54,805,000	0
Danbury Hospital Issue, Series F dated January 1, 1996	20,000,000	20,000,000	0
Greenwich Academy Issue, Series A dated March 1, 1996	16,000,000	16,000,000	0
Greenwich Hospital Issue, Series A dated March 1, 1996	62,905,000	62,905,000	0
Sacred Heart University Issue, Series C dated April 1, 1996	35,395,000	35,395,000	0
Westminster School Issue, Series A dated May 1, 1996	10,195,000	10,195,000	0
University of New Haven Issue, Series D dated May 1, 1996	24,400,000	24,400,000	0
Taft School Issue, Series C dated June 1, 1996	16,730,000	16,730,000	0
Trinity College Issue, Series E dated July 1, 1996	35,000,000	35,000,000	0
Yale-New Haven Hospital Issue, Series H dated July 1, 1996	120,240,000	120,240,000	0
Veterans Memorial Medical Center, Series A dated August 1, 1996	69,785,000	69,785,000	0
The Loomis Chaffee School Issue, Series C dated August 1, 1996	11,435,000	11,435,000	0
Stamford Hospital Issue, Series F dated October 15, 1996	23,645,000	23,645,000	0
Windham Hospital Issue, Series C dated December 1, 1996	20,200,000	20,200,000	0
Connecticut College Issue, Series C dated January 1, 1997	33,620,000	33,620,000	0
Yale University Issue, Series S dated April 3, 1997	135,865,000	0	135,865,000
Sacred Heart University Issue, Series D dated April 1, 1997	6,185,000	6,185,000	0
William W. Backus Hospital Issue, Series D dated April 1, 1997	17,240,000	17,240,000	0
St. Mary's Hospital Issue, Series D & E dated May 1, 1997	47,150,000	25,675,000	21,475,000
Choate Rosemary Hall Issue, Series B dated June 15, 1997	33,075,000	33,075,000	0
Edgehill Issue, Series A & B dated July 1, 1997(Ser. A) July 23, 1997(Ser. B)	84,370,000	84,370,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Suffield Academy Issue, Series A dated September 1, 1997	8,070,000	8,070,000	0
Sharon Hospital Issue, Series A dated September 30,1997	7,610,000	7,610,000	0
Middlesex Hospital Issue, Series H & I dated September 1, 1997	55,440,000	55,440,000	0
Yale University Issue, Series T dated November 5, 1997	250,000,000	0	250,000,000
Hospital for Special Care Issue, Series B dated December 1, 1997	69,795,000	69,795,000	0
Masonicare Issue, Series A dated December 1, 1997	53,045,000	53,045,000	0
Bradley Health Care Issue, Series B Jerome Home Issue, Series C dated December 22, 1997	23,410,000	23,410,000	0
Hospital of St. Raphael Issue, Series J & K dated January 8, 1998	28,800,000	28,800,000	0
Trinity College Issue, Series F dated April 1, 1998	41,570,000	31,765,000	9,805,000
Masonicare Issue, Series B dated May 1, 1998	11,085,000	11,085,000	0
Taft School Issue, Series D dated May 1, 1998	17,060,000	17,060,000	0
New Opportunities for Waterbury Issue, Series A & B dated April 15, 1998	5,795,000	5,795,000	0
Hopkins School Issue, Series A dated June 1, 1998	10,000,000	10,000,000	0
Canterbury School Issue, Series A dated August 1, 1998	10,230,000	10,230,000	0
Charlotte Hungerford Hospital Issue, Series C dated August 14, 1998	14,340,000	14,340,000	0
William W. Backus Hospital Issue, Series E dated August 1, 1998	13,655,000	13,655,000	0
Fairfield University Issue, Series H dated July 15, 1998	28,000,000	28,000,000	0
Salisbury School Issue, Series A dated October 1, 1998	16,135,000	16,135,000	0
Sacred Heart University Issue, Series E dated December 1, 1998	76,020,000	76,020,000	0
Quinnipiac College Issue, Series E dated December 1, 1998	59,660,000	59,660,000	0
Hebrew Home and Hospital Issue, Series B dated January 1, 1999	19,215,000	19,215,000	0
(Charity Obligated Group) St. Vincent's Medical Center/Hall-Brooke Issue, Series 1999B dated February 4, 1999	45,000,000	45,000,000	0
Stamford Hospital Issue, Series G & H dated March 1, 1999(Ser G) March 24, 1999(Se	97,440,000	97,440,000	0
Norwalk Hospital Issue, Series E & F dated April 1, 1999	31,480,000	31,480,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Westminster School Issue, Series B dated April 1, 1999	7,960,000	7,960,000	0
Yale University Issue, Series U dated April 29, 1999	250,000,000	0	250,000,000
Saint Joseph College Issue, Series A dated May 1, 1999	11,400,000	11,400,000	0
Brunswick School Issue, Series A dated May 1, 1999	44,635,000	44,635,000	0
The University of Connecticut Foundation Issue, Series A, dated August 1, 1999	8,000,000	8,000,000	0
Miss Porter's School Issue, Series A dated August 15, 1999	10,000,000	10,000,000	0
Fairfield University Issue, Series I dated August 1, 1999	70,000,000	70,000,000	0
The Horace Bushnell Memorial Hall Issue, Issue, Series A, dated September 1, 1999	15,000,000	15,000,000	0
Danbury Hospital Issue, Series G dated September 1, 1999	43,240,000	43,240,000	0
Catholic Health East Issue, Series 1999F dated September 15, 1999	18,610,000	18,610,000	0
Ascension Health Issue, Series A dated November 1, 1999	44,500,000	15,960,000	28,540,000
Covenant Retirement Communities Issue, Series A dated December 2, 1999	10,040,000	10,040,000	0
Waterbury Hospital Issue, Series C dated December 1, 1999	27,140,000	27,140,000	0
Summerwood at University Park Issue, Series A dated February 3, 2000	11,200,000	11,200,000	0
Gaylord Hospital Issue, Series A dated February 22, 2000	12,920,000	12,920,000	0
Eastern Connecticut Health Network Issue, Series A dated February 1, 2000	58,170,000	49,030,000	9,140,000
The Ethel Walker School Issue, Series A dated March 1, 2000	8,500,000	8,500,000	0
Community Renewal Team Issue, Series A dated March 16, 2000	4,325,000	2,705,000	1,620,000
Taft School Issue, Series E dated April 27, 2000	12,000,000	0	12,000,000
Lauralton School Issue, Series A dated June 14, 2000	3,400,000	3,400,000	0
Connecticut College Issue, Series D dated June 1, 2000	12,000,000	12,000,000	0
The Marvelwood School Issue, Series A dated June 29, 2000	5,535,000	5,535,000	0
The Hotchkiss School Issue, Series A dated August 3, 2000	35,000,000	0	35,000,000
Hartford Hospital Issue, Series B dated August 3, 2000	31,175,000	31,175,000	0
The Rectory School Issue, Series A dated November 9, 2000	7,100,000	7,100,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Westover School Issue, Series A dated November 1, 2000	10,000,000	10,000,000	0
Edgehill Issue, Series C dated December 13, 2000	22,000,000	22,000,000	0
Kent School Issue, Series C dated February 15, 2001	10,500,000	10,500,000	0
Trinity College Issue, Series G dated March 1,2001	50,000,000	50,000,000	0
Loomis Chaffee School Issue, Series D dated May 1, 2001	27,625,000	27,625,000	0
The Gunnery School Issue, Series A dated May 1, 2001	11,455,000	11,455,000	0
Greenwich Academy Issue, Series B dated May 1, 2001	32,920,000	32,920,000	0
United Methodist Home of Sharon Issue, Series A, dated June 1, 2001	7,740,000	7,740,000	0
Wesleyan University Issue, Series D dated June 7, 2001	93,000,000	93,000,000	0
Yale University Issue, Series V dated July 12, 2001	200,000,000	0	200,000,000
Middlesex Hospital Issue, Series J dated July 25, 2001	11,895,000	11,895,000	0
The Whitby School Issue, Series A dated August 3, 2001	6,000,000	6,000,000	0
Fairfield University Issue, Series J dated August 1, 2001	18,000,000	18,000,000	0
Taft School Issue, Series F dated August 15,2001	11,480,000	11,480,000	0
The Williams School Issue, Series A dated October 18, 2001	5,500,000	5,500,000	0
Loomis Chaffee School Issue, Series E dated October 1, 2001	11,155,000	11,155,000	0
Quinnipiac University Issue, Series F dated October 31, 2001	60,000,000	60,000,000	0
Washington Montessori School Issue, Series A, dated November 30, 2001	7,990,000	7,990,000	0
Bristol Hospital Issue, Series B dated January 31, 2002	38,000,000	10,180,000	27,820,000
Westminster School Issue, Series C dated February 20, 2002	8,250,000	1,000,000	7,250,000
Greater Hartford YMCA Issue, Series A dated March 28, 2002	16,180,000	16,180,000	0
University of Hartford Issue, Series E dated April 1, 2002	75,000,000	75,000,000	0
Yale University Issue, Series W dated May 1, 2002	89,520,000	89,520,000	0
Health Care Capital Asset Program Issue, Series A-1, dated May 16, 2002	36,110,000	36,110,000	0
Saint Francis Hospital Issue, Series D dated May 1, 2002	25,250,000	25,250,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Kingswood-Oxford School Issue, Series B dated June 5, 2002	12,000,000	2,315,000	9,685,000
Connecticut College Issue, Series E dated July 1, 2002	17,785,000	17,785,000	0
The Village for Families and Children Issue, Series A & B, dated November 1, 2002	14,000,000	14,000,000	0
Middlesex Hospital Issue, Series K dated November 15, 2002	15,500,000	15,500,000	0
Klingberg Family Centers Issue, Series A dated December 4, 2002	6,750,000	6,750,000	0
Yale University Issue, Series X-1, X-2 & X-3 dated January 8, 2003	350,000,000	100,000,000	250,000,000
Brunswick School Issue, Series B dated April 1, 2003	17,500,000	17,500,000	0
Boys & Girls Club of Greenwich Issue, Series A dated May 29, 2003	14,800,000	14,800,000	0
Wesleyan University Issue, Series E dated July 17, 2003	62,000,000	62,000,000	0
King & Low-Heywood Thomas School Issue, Series A, dated August 27, 2003	11,005,000	11,005,000	0
Central Connecticut Coast YMCA Issue, Series A, dated September 11, 2003	4,500,000	1,305,000	3,195,000
Quinnipiac University Issue, Series G dated November 18, 2003	16,340,000	16,340,000	0
Sacred Heart University Issue, Series F dated December 11, 2003	21,700,000	3,095,000	18,605,000
Salisbury School Issue, Series B dated February 19, 2004	5,510,000	5,510,000	0
Fairfield University Issue, Series K dated April 14, 2004	38,075,000	38,075,000	0
University of Hartford Issue, Series F dated May 6, 2004	25,000,000	25,000,000	0
Connecticut Children's Medical Center Issue, Series B & C, dated May 13, 2004	44,985,000	44,985,000	0
Lawrence and Memorial Hospital Issue, Series E dated June 24, 2004	22,990,000	22,990,000	0
Greenwich Academy Issue, Series C dated June 25, 2004	11,770,000	11,770,000	0
Norwich Free Academy Issue, Series A dated June 1, 2004	18,740,000	18,740,000	0
Trinity College Issue, Series H dated July 8, 2004	33,370,000	9,720,000	23,650,000
Eastern Connecticut Health Network Issue, Series B, dated July 21, 2004	20,000,000	20,000,000	0
Greenwich Academy Issue, Series D dated September 1, 2004	15,490,000	15,490,000	0
Kent School Issue, Series D dated October 6, 2004	21,725,000	7,820,000	13,905,000
Trinity College Issue, Series I dated December 9, 2004	15,000,000	15,000,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Hospital of Saint Raphael Issue, Series L&M dated December 16, 2004	59,945,000	59,945,000	0
Griffin Hospital Issue, Series B dated February 1, 2005	24,800,000	8,810,000	15,990,000
Eagle Hill School Issue, Series A dated May 11, 2005	5,990,000	990,000	5,000,000
Avon Old Farms School Issue, Series A dated May 12, 2005	21,670,000	21,670,000	0
Westminster School Issue, Series D dated June 1, 2005	9,260,000	2,665,000	6,595,000
Ridgefield Academy Issue, Series A dated June 17, 2005	12,000,000	1,800,000	10,200,000
Greenwich Family YMCA Issue, Series A dated August 4, 2005	20,165,000	20,165,000	0
William W. Backus Hospital Issue, Series F&G dated August 10, 2005	58,135,000	58,135,000	0
University of New Haven Issue, Series E&F dated August 17, 2005	32,350,000	10,360,000	21,990,000
Wesleyan University Issue, Series F dated September 1, 2005	48,000,000	48,000,000	0
Yale University Issue, Series Y dated October 5, 2005	300,000,000	0	300,000,000
The Loomis Chaffee School Issue, Series F dated October 27, 2005	34,135,000	3,840,000	30,295,000
Fairfield University Issue, Series L1&2 dated November 3, 2005	106,575,000	106,575,000	0
Eastern Connecticut Health Network Issue, Series C, dated November 9, 2005	37,065,000	3,655,000	33,410,000
Mansfield Center for Nursing and Rehabilitation Issue, Series B, dated December 15, 2005	7,095,000	7,095,000	0
Fairfield University Issue, Series L-1(2nd Tranche) dated December 15, 2005	10,000,000	10,000,000	0
Avon Old Farms School Issue, Series B dated March 9, 2006	7,000,000	7,000,000	0
Danbury Hospital Issue, Series H&I dated March 16, 2006	81,560,000	41,945,000	39,615,000
Greenwich Hospital Issue, Series B dated April 6, 2006	56,600,000	56,600,000	0
Yale-New Haven Hospital Issue, Series I dated April 7, 2006	111,800,000	111,800,000	0
Miss Porter's School Issue, Series B dated June 16, 2006	18,130,000	1,200,000	16,930,000
University of Hartford Issue, Series G dated June 22, 2006	50,000,000	5,440,000	44,560,000
Greenwich Adult Day Care Issue, Series A dated June 29, 2006	4,030,000	4,030,000	0
The Children's School Issue, Series A dated July 24, 2006	6,835,000	1,210,000	5,625,000
Canterbury School Issue, Series B dated July 27, 2006	11,805,000	470,000	11,335,000

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
University of New Haven Issue, Series G dated August 29, 2006	15,890,000	3,170,000	12,720,000
Yale-New Haven Hospital Issue, Series J dated September 26, 2006	280,855,000	124,735,000	156,120,000
Middlesex Hospital Issue, Series L&M dated December 7, 2006	39,380,000	6,715,000	32,665,000
Quinnipiac University Issue, Series H dated December 13, 2006	67,495,000	0	67,495,000
The University of Connecticut Foundation Issue, Series B, dated January 23, 2007	7,290,000	1,515,000	5,775,000
Trinity College Issue, Series J&K dated March 7, 2007	74,805,000	2,790,000	72,015,000
Greenwich Academy Issue, Series E dated March 22, 2007	26,435,000	0	26,435,000
Jerome Home Issue, Series D Mulberry Gardens Issue, Series E dated March 29, 2007	16,050,000	5,415,000	10,635,000
Connecticut College Issue, Series F&G dated April 4, 2007	40,855,000	0	40,855,000
The Stanwich School Issue, Series A dated May 3, 2007	15,500,000	15,500,000	0
Griffin Hospital Issue, Series C&D dated May 15, 2007	34,050,000	2,125,000	31,925,000
Chase Collegiate School Issue, Series A dated June 7, 2007	11,060,000	1,055,000	10,005,000
Choate Rosemary School Issue, Series C dated June 21, 2007	42,000,000	42,000,000	0
Hospital for Special Care Issue, Series C&D dated June 28, 2007	61,635,000	19,820,000	41,815,000
Gaylord Hospital Issue, Series B dated July 3, 2007	21,530,000	3,760,000	17,770,000
Westover School Issue, Series B dated July 11, 2007	9,180,000	1,575,000	7,605,000
University of Bridgeport Issue, Series B dated August 10, 2007	21,175,000	21,175,000	0
Renbrook School Issue, Series A dated September 13, 2007	8,000,000	8,000,000	0
Yale University Issue, Series Z dated October 4, 2007	600,000,000	0	600,000,000
Masonicare Issue, Series C&D dated October 31, 2007	116,065,000	44,100,000	71,965,000
Hoffman SummerWood Issue, Series B dated November 7, 2007	17,055,000	1,005,000	16,050,000
Suffield Academy Issue, Series B dated November 8, 2007	12,640,000	12,640,000	0
Westminster School Issue, Series E dated November 9, 2007	19,230,000	340,000	18,890,000
Windham Hospital Issue, Series D dated November 15, 2007	19,745,000	19,745,000	0
Quinnipiac College Issue, Series I-K dated December 20, 2007	416,465,000	28,185,000	388,280,000

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Pierce Memorial Baptist Home Issue, Series A dated January 17, 2008	8,575,000	8,575,000	0
Choate Rosemary Hall Issue, Series D dated April 2, 2008	42,415,000	5,300,000	37,115,000
Saint Joseph College Issue, Series B dated April 3, 2008	15,000,000	15,000,000	0
Fairfield University Issue, Series M dated April 10, 2008	39,440,000	8,585,000	30,855,000
Greenwich Hospital Issue, Series C dated May 7, 2008	53,630,000	13,415,000	40,215,000
Yale-New Haven Hospital Issue, Series K&L dated May 14, 2008	216,565,000	20,100,000	196,465,000
Salisbury School Issue, Series C dated May 22, 2008	48,160,000	0	48,160,000
Saint Francis Hospital Issue, Series E dated May 29, 2008	39,745,000	0	39,745,000
Healthcare Capital Asset Program Issue, Series B-1, dated June 18, 2008	30,000,000	30,000,000	0
Hopkins School Issue, Series B dated June 26, 2008	9,240,000	715,000	8,525,000
Danbury Hospital Issue, Series J dated June 27, 2008	35,580,000	35,580,000	0
Saint Francis Hospital Issue, Series F dated June 30, 2008	175,000,000	175,000,000	0
University of New Haven Issue, Series H dated July 2, 2008	46,000,000	2,755,000	43,245,000
Loomis Chaffee School Issue, Series G dated July 22, 2008	25,745,000	1,015,000	24,730,000
Hamden Hall Country Day School Issue, Series A, dated July 31, 2008	18,235,000	1,200,000	17,035,000
Trinity College Issue, Series L dated August 5, 2008	15,345,000	2,335,000	13,010,000
Hospital of Central Connecticut, Series A dated August 8, 2008	33,690,000	33,690,000	0
Taft School Issue, Series G dated August 13, 2008	16,905,000	8,495,000	8,410,000
Fairfield University Issue, Series N dated August 21, 2008	108,210,000	13,280,000	94,930,000
Greater Hartford YMCA Issue, Series B dated December 1, 2008	26,580,000	26,580,000	0
Kent School Issue, Series E dated December 17, 2008	10,155,000	10,155,000	0
Taft School Issue, Series H dated December 23, 2008	8,500,000	8,500,000	0
Eastern Connecticut Health Network, Series D dated May 14, 2009	15,250,000	1,354,000	13,896,000
Ethel Walker School Issue, Series B dated October 5, 2009	8,220,000	300,000	7,920,000
Hopkins School Issue, Series C dated December 10, 2009	7,930,000	1,190,000	6,740,000

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Yale University Issue, Series 2010-A dated February 24, 2010	529,975,000	0	529,975,000
Fairfield University Issue, Series O&P dated March 17, 2010	84,915,000	1,220,000	83,695,000
Ascension Health Issue, Series 2010 dated March 25, 2010	93,265,000	0	93,265,000
Catholic Health East Issue, Series 2010 dated April 7, 2010	19,560,000	355,000	19,205,000
Westminster School Issue, Series F dated April 14, 2010	6,350,000	765,000	5,585,000
Wesleyan University Issue, Series G&H dated May 18, 2010	206,580,000	0	206,580,000
Stamford Hospital Issue, Series I dated May 27, 2010	132,990,000	13,165,000	119,825,000
Trinity College Issue, Series M dated June 29, 2010	22,230,000	2,355,000	19,875,000
Hospital for Special Care Issue, Series E dated July 15, 2010	20,185,000	9,635,000	10,550,000
St. Francis Hospital Issue, Series G dated September 30, 2010	29,870,000	29,870,000	0
Mitchell College Issue, Series A dated November 2, 1010	14,300,000	926,400	13,373,600
University of Bridgeport Issue, Series C dated December 9, 2010	30,000,000	1,576,353	28,423,647
Norwalk Hospital Issue, Series G, H & I dated December 9, 2010	46,840,000	9,405,000	37,435,000
Eastern Connecticut Health Network Issue, Series E, dated 12/21/10	20,145,000	2,565,000	17,580,000
Yale-New Haven Hospital Issue, Series M dated December 22, 2010	104,390,000	5,915,000	98,475,000
Waterbury Hospital Issue, Series D dated December 22, 2010	25,918,000	1,394,912	24,523,088
Seabury Retirement Community Issue, Series A dated December 23, 2010	21,000,000	6,165,000	14,835,000
CIL Community Resources Issue, Series A dated June 9, 2011	12,020,000	2,825,000	9,195,000
Western Connecticut Health Network Issue, Series K, dated June 15, 2011	33,035,000	5,813,834	27,221,166
Sacred Heart University Issue, Series G dated June 29, 2011	43,905,000	1,860,000	42,045,000
Connecticut College Issue, Series H dated June 30, 2011	16,095,000	255,000	15,840,000
Connecticut Children's Medical Center Issue, Series D, dated June 30, 2011	41,580,000	2,900,000	38,680,000
Western Connecticut Health Network Issue, Series L, dated July 13, 2011	96,000,000	0	96,000,000
Western Connecticut Health Network Issue, Series M, dated July 13, 2011	46,030,000	0	46,030,000
Middlesex Hospital Issue, Series N dated July 26, 2011	37,360,000	4,300,000	33,060,000

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Loomis Chaffee School, Series H dated August 23, 2011	7,740,000	905,000	6,835,000
Lawrence and Memorial Hospital Issue Series F, dated September 15, 2011	58,940,000	5,510,000	53,430,000
Hartford HealthCare Issue, Series A&B dated September 29, 2011	325,815,000	0	325,815,000
Western Connecticut Health Network Issue, Series N, dated November 22, 2011	39,880,000	0	39,880,000
Rectory School Issue, Series B dated January 5, 2012	7,500,000	315,800	7,184,200
Sacred Heart University Issue, Series H dated February 14, 2012	47,740,000	4,430,000	43,310,000
The Horace Bushnell Memorial Hall Issue, Series B, dated March 15, 2012	12,800,000	510,000	12,290,000
Brunswick School Issue, Series C dated March 29, 2012	38,470,000	1,460,000	37,010,000
Connecticut College Issue, Series I dated April 4, 2012	12,240,000	1,415,000	10,825,000
Winston Preparatory School Issue, Series A dated April 13, 2012	11,377,500	0	11,377,500
University of Hartford Issue, Series H & I dated April 26, 2012	58,600,000	3,730,178	54,869,822
Greater Hartford YMCA Issue, Series C dated April 27, 2012	26,660,000	1,375,000	25,285,000
Bridgeport Hospital Issue, Series D dated May 31, 2012	36,415,000	2,065,000	34,350,000
Pomfret School Issue, Series B dated June 14, 2012	17,750,000	100,000	17,650,000
Stamford Hospital Issue, Series J dated June 20, 2012	250,000,000	0	250,000,000
Westminster School Issue, Series G dated June 29, 2012	6,125,000	205,000	5,920,000
Renbrook School Issue, Series B dated August 22, 2012	8,600,000	405,000	8,195,000
Masonicare Issue, Series E dated September 5, 2012	33,000,000	1,237,776	31,762,224
The Gunnery School Issue, Series B dated September 28, 2012	8,855,000	320,000	8,535,000
University of Bridgeport Issue, Series D dated November 1, 2012	12,000,000	0	12,000,000
Taft School Issue, Series I dated November 7, 2012	18,060,000	0	18,060,000
Norwalk Hospital Issue, Series J dated December 7, 2012	82,000,000	175,000	81,825,000
Canterbury School Issue, Series C dated December 28, 2012	7,160,000	0	7,160,000
Washington Montessori School Issue, Series B dated January 25, 2013	6,339,000	221,943	6,117,057
Yale-New Haven Hospital Issue, Series N & O dated February 14, 2013	94,815,000	0	94,815,000

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Norwich Free Academy Issue, Series B dated March 1, 2013	14,640,000	235,000	14,405,000
Pierce Memorial Baptist Home Issue, Series B dated March 13, 2013	11,454,000	270,003	11,183,997
Kent School Issue, Series F dated March 28, 2013	17,490,000	365,000	17,125,000
Forman School Issue, Series B dated March 28, 2013	4,700,000	167,445	4,532,555
Ethel Walker School Issue, Series C dated April 3, 2013	8,665,000	0	8,665,000
The University of Connecticut Foundation Issue, Series C, dated April 24, 2013	20,000,000	0	20,000,000
King Low Heywood Thomas School Issue, Series B, dated April 30, 2013	9,100,000	305,000	8,795,000
Day Kimball Hospital Issue, Series B dated June 6, 2013	30,330,000	0	30,330,000
Yale University Issue, Series 2013A dated July 2, 2013	100,000,000	0	100,000,000
Williams School Issue, Series B dated August 13, 2013	4,195,000	96,145	4,098,855
South Kent School Issue, Series A dated August 29, 2013	7,300,000	0	7,300,000
St. Joseph's Living Center Issue, Series B dated September 20, 2013	5,000,000	230,000	4,770,000
The Village for Families and Children Issue, Series C, dated October 2, 2013	9,987,000	167,883	9,819,117
Lawrence + Memorial Hospital Issue, Series G dated October 10, 2013	30,000,000	0	30,000,000
University of New Haven Issue, Series I dated October 11, 2013	28,670,000	0	28,670,000
Avon Old Farms School Issue, Series C dated November 1, 2013	24,606,000	0	24,606,000
University of Saint Joseph Issue, Series C dated November 1, 2013	10,800,000	0	10,800,000
University of Saint Joseph Issue, Series D dated November 1, 2013	10,800,000	0	10,800,000
Lawrence + Memorial Hospital Issue, Series H dated November 5, 2013	21,405,000	0	21,405,000
Suffield Academy Issue, Series C dated November 2, 2013	13,750,000	50,000	13,700,000
University of New Haven Issue, Series J dated November 22, 2013	10,000,000	0	10,000,000
The Stanwich School Issue, Series B dated December 6, 2013	10,000,000	0	10,000,000
Saint Francis Hospital and Medical Center Issue, Series H-M, dated January 24, 2014	213,215,000	0	213,215,000
Xavier High School Issue, Series A dated February 14, 2014	5,575,000	0	5,575,000
Hartford HealthCare Issue, Series E dated March 26, 2014	83,790,000	0	83,790,000

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Special Capital Reserve Fund Program			
Cherry Brook Nursing Center Project dated January 15, 1993	9,380,000	4,600,000	4,780,000
Mansfield Center for Nursing and Rehabilitatio Project, dated January 15, 1993	10,045,000	10,045,000	0
Noble Horizons Project dated January 15, 1993	6,435,000	6,435,000	0
St. Joseph's Living Center Project dated January 15, 1994	13,385,000	13,385,000	0
Sharon Health Care Project dated April 1, 1994	8,975,000	8,975,000	0
Maefair Health Care Center Project dated June 15, 1994	12,705,000	12,705,000	0
Saint Joseph's Manor Project dated July 1, 1994	12,805,000	12,805,000	0
The Pope John Paul II Center for Health Care Project, dated July 1, 1994	9,450,000	9,450,000	0
St. Camillus Health Care Center Project dated July 1, 1994	14,020,000	14,020,000	0
The Jewish Home for the Elderly of Fairfield County Project, dated August 15, 1994	7,750,000	7,750,000	0
Shady Knoll Health Center, Inc. Project dated September 1, 1994	10,460,000	10,460,000	0
Wadsworth Glen Health Care Center Project dated October 13, 1994	7,445,000	7,445,000	0
Highland View Manor, Inc. Project dated October 13, 1994	10,010,000	10,010,000	0
AHF/Hartford, Inc. Project dated November 15, 1994	45,495,000	45,495,000	0
AHF/Windsor, Inc. Project dated November 15, 1994	16,020,000	16,020,000	0
New Horizons Village Project dated November 15, 1994	10,050,000	7,660,000	2,390,000
Laurelwood Rehabilitation and Skilled Nursing Center Project dated November 15, 1994	13,800,000	13,800,000	0
Sheriden Woods Health Care Center, Inc. Proj dated March 15, 1995	9,915,000	9,915,000	0
Abbott Terrace Health Center Project dated April 15, 1996	13,430,000	13,430,000	0
3030 Park Fairfield Health Center Project dated May 1, 1996	18,825,000	18,825,000	0
Connecticut State University System Issue, Series A, dated November 1, 1995	44,580,000	44,580,000	0
Connecticut State University System Issue, Series B, dated March 15, 1997	38,995,000	38,995,000	0
Connecticut State University System Issue, Series C, dated November 15, 1999	23,000,000	23,000,000	0
Connecticut State University System Issue, Series D, dated March 15, 2002	76,150,000	76,150,000	0
Connecticut State University System Issue, Series E, dated May 15, 2003	142,090,000	142,090,000	0

INDEBTEDNESS OF THE AUTHORITY
SERIES OF BONDS ISSUED, RETIRED, AND OUTSTANDING
AS OF MARCH 31, 2014

SERIES	AMOUNT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING
Connecticut State University System Issue, Series F, dated February 18, 2004	49,475,000	42,250,000	7,225,000
Connecticut State University System Issue, Series G&H, dated June 17, 2005	99,110,000	26,110,000	73,000,000
Connecticut State University System Issue, Series I, dated April 18, 2007	62,760,000	520,000	62,240,000
Connecticut State University System Issue, Series J&K, dated June 22, 2011	41,045,000	2,080,000	38,965,000
Connecticut State University System Issue, Series L, dated April 4, 2012	49,040,000	1,790,000	47,250,000
Connecticut State University System Issue, Series M, dated January 10, 2013	34,060,000	865,000	33,195,000
Connecticut State University System Issue, Series N, dated October 23, 2013	80,340,000	0	80,340,000
Child Care Facilities Program			
Series A & B, dated November 1, 1998	10,520,000	10,520,000	0
Series C, dated September 1, 1999	18,690,000	18,690,000	0
Series D, dated August 1, 2000	3,940,000	3,940,000	0
Series E, dated April 1, 2001	3,865,000	3,865,000	0
Series F, dated December 20, 2006	19,165,000	1,895,000	17,270,000
Series G, dated October 23, 2008	16,875,000	1,045,000	15,830,000
Series 2011, dated August 19, 2011	28,840,000	2,760,000	26,080,000
	$16,107,076,500	$8,050,037,672	$8,057,038,828

APPENDIX H

[FORM OF APPROVING OPINION OF HAWKINS DELAFIELD & WOOD]

June 23, 2014

State of Connecticut Health and
Educational Facilities Authority
10 Columbus Boulevard
Hartford, Connecticut 06106

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $_____ Revenue Bonds, Yale New Haven Health Issue, Series __ (the "Bonds") of the State of Connecticut Health and Educational Facilities Authority (the "Authority"), a body politic and corporate constituting a public instrumentality of the State of Connecticut.

The Bonds are issued under and pursuant to the State of Connecticut Health and Educational Facilities Authority Act, being Chapter 187 of the General Statutes of Connecticut, Sections 10a-176 et seq., as amended (the "Act"), and under and pursuant to a bond resolution of the Authority adopted on March 19, 2014 (the "Bond Resolution") and a Trust Indenture, dated as of June 1, 2014 (the "Trust Indenture"), by and between the Authority and U.S. Bank National Association, as Bond Trustee (the "Bond Trustee").

The Bonds are dated their date of delivery, and bear interest from their date at the rates per annum, and mature at the times and in the amounts, as set forth in the Trust Indenture.

The Bonds are subject to redemption prior to maturity upon the terms and conditions provided therein and in the Trust Indenture. The Bonds are in the form of fully-registered bonds in the authorized denominations as set forth in the Trust Indenture, and are numbered separately from __-R-1 and upward in order of issuance.

We have also examined an executed copy of the Loan Agreement, dated as of June 1, 2014 (the "Agreement") by and between the Authority and Yale-New Haven Health Services Corporation (the "Institution"). The Institution has agreed in the Agreement, among other things, to make payments to the Authority in the amounts and at the times stated therein which will be applied to pay the principal of, redemption premium, if any, and interest on the Bonds when due.

We are of the opinion that:

1. The Authority is duly created and validly existing under the provisions of the Act and has good right and lawful authority to utilize proceeds of the Bonds to assist the Institution in the financing and refinancing of the Project (as defined in the Agreement), and to establish and maintain payments, fees or charges in respect thereof and collect revenues therefrom and to perform all obligations of the Authority under the Bond Resolution and the Trust Indenture in those respects.

2. The Authority has the right and power under the Act to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The Bond Resolution and the Trust Indenture create the valid pledge which they purport to create in the

Revenues (as defined in the Trust Indenture) and all income and receipts earned on funds held or set aside under the Trust Indenture, subject only to the application thereof to the purposes and on the conditions permitted by the Trust Indenture.

3. The Authority is duly authorized and entitled to issue the Bonds and the same have been duly and validly authorized and issued by the Authority in accordance with the Constitution and statutes of the State of Connecticut, including the Act, and the Bond Resolution and the Trust Indenture, and the Bonds constitute valid, binding, special obligations of the Authority, enforceable in accordance with their terms and the terms of the Bond Resolution and the Trust Indenture and entitled to the benefits of the Act and of the Bond Resolution and the Trust Indenture.

4. The Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Institution, constitutes a valid and legally binding Agreement by and between the parties thereto, enforceable in accordance with its terms.

5. The Trust Indenture has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Bond Trustee, constitutes a valid and legally binding agreement by and between the parties thereto, enforceable in accordance with its terms.

6. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for Federal income tax purposes, interest on the Bonds be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Bond proceeds, restrictions on the investment of Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to Federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the Authority, the Institution and the Project Users (as identified in the hereinafter defined Tax Regulatory Agreement) will execute a Tax Regulatory Agreement (the "Tax Regulatory Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the Authority, the Institution and the Project Users covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds will, for Federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the Authority, the Institution and the Project Users with the procedures and covenants set forth in the Tax Regulatory Agreement as to such tax matters.

7. Under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion

under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

In rendering our opinion, we have relied on the opinion of Manatt, Phelps & Phillips, LLP, counsel to the Institution and the Project Users, regarding, among other matters, the current qualification of the Institution and the Project Users as organizations described in Section 501(c)(3) of the Code. We note that the opinion of counsel to the Institution and the Project Users is subject to a number of qualifications and limitations. The Institution and the Project Users have covenanted that they will do nothing to impair their status as tax-exempt organizations, and that they will comply with the requirements of the Code and any regulations thereunder throughout the term of the Bonds. Failure of the Institution or the Project Users to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code, or failure to use the assets being financed or refinanced with the proceeds of the Bonds in activities of the Institution or the Project Users that do not constitute unrelated trades or businesses within the meaning of Section 513 of the Code, may result in interest on the Bonds being included in gross income for Federal income tax purposes, possibly from the date of issuance of the Bonds.

The foregoing opinions are qualified only to the extent that the enforceability of the Bonds, the Bond Resolution, the Trust Indenture, the Tax Regulatory Agreement and the Agreement may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

We have examined an executed Bond, and in our opinion the form of said Bond and its execution are regular and proper.

Very truly yours,

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APPENDIX I

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is dated as of June 1, 2014 and is executed and delivered by Yale-New Haven Health Services Corporation (the "Borrower"), on behalf of itself and as Obligated Group Agent on behalf of the members of the hereinafter defined Obligated Group, and U.S. Bank National Association (the "Dissemination Agent"), in connection with the issuance of State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Yale New Haven Health Issue, Series __ (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2014 (the "Indenture"), between the State of Connecticut Health and Educational Facilities Authority (the "Authority") and U.S. Bank National Association, as Trustee (the "Trustee"). The proceeds of the Bonds are being loaned by the Authority to the Borrower pursuant to a Loan Agreement, dated as of June 1, 2014 (the "Loan Agreement"), between the Authority and the Borrower. For valuable consideration, the receipt of which is acknowledged, the Dissemination Agent and the Borrower covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Bondholders (defined below) and the beneficial owners of the Bonds, and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and in the Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the first paragraph of this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Bondholder" or the term "Holder", when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Bond and any beneficial owner thereof.

"Disclosure Representative" shall mean the Executive Vice President, Corporate and Financial Services, of the Borrower or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean the initial Dissemination Agent hereunder, which is U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the Borrower and acceptable to the Authority and which has filed with the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

"Obligated Group" shall mean, collectively, the members of the Obligated Group under the Master Trust Indenture (Security Agreement), dated as of February 1, 2013 and effective on June 23, 2014, by and among Yale-New Haven Health Services Corporation and the other members of the Obligated Group identified therein, and U.S. Bank National Association, as master trustee.

"Participating Underwriters" shall mean any or all of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Quarterly Report" shall mean any Quarterly Report provided by the Borrower pursuant to and as described in Sections 3 and 4 of this Disclosure Agreement.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports and Quarterly Reports.

(a) The Borrower, commencing in 2015, shall, or shall cause the Dissemination Agent to, not later than March 1 of each year (or in the event of a change in the Borrower's fiscal year from the present October 1 to September 30 fiscal year, within 150 days after the end of such fiscal year), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. On or prior to said date (except that in the event the Borrower elects to have the Dissemination Agent file such report, five (5) Business Days prior to such date) such Annual Report shall be provided by the Borrower to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (ii) a certificate stating that the Borrower has provided the Annual Report to the MSRB and the date on which such Annual Report was provided. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report; and provided further that audited financial statements of the Borrower shall be submitted as soon as practicable after the audited financial statements become available. The Borrower shall promptly notify the Dissemination Agent of any change in the Borrower's fiscal year.

(b) If by 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to request a report regarding compliance with the provisions governing the Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a reminder notice to the Borrower and the Authority and shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall file a report with the Borrower, the Authority and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Borrower has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Disclosure Agreement, and stating the date it was provided (if such report was provided).

(e) The Borrower shall, or shall cause the Dissemination Agent to, not later than 60 days after the end of each of the Borrower's first three fiscal quarters, commencing with the fiscal quarter ending June 30, 2014, provide to the MSRB a Quarterly Report. On or prior to said filing date (except that in the event the Borrower elects to have the Dissemination Agent file such Quarterly Report, five (5) Business Days prior to such date) such Quarterly Report shall be provided by the Borrower to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Quarterly Report with the MSRB, or (ii) a certificate stating that the Borrower has provided the Quarterly Report to the MSRB and the date on which such Quarterly Report was provided. In each case, the Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure

Agreement. The Borrower shall not be required to provide a Quarterly Report for the fourth fiscal quarter of any fiscal year.

SECTION 4. Content of Annual Reports and Quarterly Reports. (a) The Borrower's Annual Report shall contain or incorporate by reference the following:

(1) audited financial statements (including footnotes) of the Borrower, which financial statements may be individual, combined or consolidated, with consolidating schedules for the Obligated Group Members (either individually or in the aggregate), prepared in accordance with generally accepted accounting/auditing principles as in effect from time to time, consistently applied unless otherwise explained in footnotes to the financial statements provided, consisting of:

(i) balance sheet as of the close of the most recent fiscal year (with comparative totals for the immediately preceding fiscal year);

(ii) statement of revenues and expenses and changes in net assets (statement of activity) for the most recent fiscal year (with comparative totals for the immediately preceding fiscal year); and

(iii) statements of changes in restricted net assets (statement of cash flows) for the most recent fiscal year (with comparative totals for the immediately preceding fiscal year); and

(2) operating data of the Obligated Group for such preceding fiscal year, prepared from the records of the Obligated Group, regarding, without limitation, financial and operating data of the type included in the final Official Statement for the Bonds concerning the Obligated Group, which shall include annual or year end information for the Obligated Group as described in "Appendix A" of such final Official Statement including but not limited to the following:

(i) utilization statistics of the type set forth under the heading "Selected Operating Information – Obligated Group Selected Utilization Data"; and

(ii) revenue, expense and fund data of the type set forth under the headings "Summary Financial Information – Consolidated Statements of Revenue and Expenses" and "— Consolidated Balance Sheets" and "Selected Operating Information – Obligated Group Payor Mix" and "—Outstanding Indebtedness".

together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the Obligated Group and the financial and operating condition of the Obligated Group; provided, however, that the references above to specific section headings of Appendix A of the final Official Statement used in connection with the Bonds as a means of identification shall not prevent the Borrower from reorganizing such material in subsequent official statements.

(b) The Quarterly Report shall contain quarterly unaudited financial statements of the Borrower, with schedules for the Obligated Group (including balance sheet, statement of revenues and expenses and changes in net assets), and quarterly operating data of the Obligated Group of the type described in Appendix A to the Official Statement under the headings "Selected Operating Information – Obligated Group Selected Utilization Data" and "— Obligated Group Payor Mix".

(c) Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under (a)(1) or (b) above, the original Official Statement for the Bonds, or other official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been (i) made available to the public on the MSRB's Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org, or (ii) filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official

statement, it must be available from the MSRB. The Borrower shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) The Borrower shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the following Listed Events relating to the Bonds to the MSRB in a timely manner not later than ten (10) Business Days after the occurrence of any such Listed Event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to the rights of the Bondowners, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of a member of the Obligated Group;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for a member of the Obligated Group in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of such member of the Obligated Group, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of such member of the Obligated Group;

(13) The consummation of a merger, consolidation, or acquisition involving a member of the Obligated Group or the sale of all or substantially all of the assets of a member of the Obligated Group, other than in the ordinary course of

business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional Trustee or the change of the name of the Trustee, if material.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence or possible occurrence of any of the Listed Events set forth in subsection (a) above, contact the Disclosure Representative and inform such person of the event. "Actual knowledge" for purposes of this subsection (b) shall mean actual knowledge of an officer of the Corporate Trust Administration of the Dissemination Agent.

(c) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (7), (8) (with respect to Bond calls only), (10), (13) or (14) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Borrower shall as soon as possible determine if such event would constitute material information for Bondholders, and if such event is determined by the Borrower to be material, the Borrower shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the Borrower elects to have the Dissemination Agent file notice of any Listed Event, the Borrower will provide the notice to the Dissemination Agent within five (5) Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 6. Termination of Reporting Obligation.

(a) The Borrower's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower. The original Borrower shall have no further responsibility hereunder only to the extent that the Borrower ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

(b) In addition, the Borrower's obligations under the provisions of this Disclosure Agreement shall terminate (in whole or in part, as the case may be) in the event that (1) the Borrower delivers to the Dissemination Agent, the Trustee, and the Authority an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Dissemination Agent, the Trustee and the Authority, to the effect that those portions of the Rule which require the provisions of this Disclosure Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion (but such termination of the Borrower's obligations shall be effective only to the extent specifically addressed by such opinion), and (2) the Dissemination Agent delivers copies of such opinion to (i) the MSRB, (ii) the Authority, (iii) the Trustee (if other than the Dissemination Agent), and (iv) Barclays Capital Inc., as representative of the Participating Underwriters. The Dissemination Agent shall so deliver such opinion promptly.

SECTION 7. Dissemination Agent.

(a) The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Authority, the Borrower and the registered owners of the Bonds, specifying the date when such resignation shall

take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the Borrower or by a court upon the application of the Dissemination Agent.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the Borrower shall forthwith appoint a Dissemination Agent to act. The Borrower shall give or cause to be given written notice of any such appointment to the Owners (as such term is defined in the Loan Agreement), the Trustee (if the Trustee is not the Dissemination Agent), and the Authority.

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Borrower or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Borrower shall have delivered an opinion of counsel, addressed to the Authority, the Borrower, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Borrower shall have delivered to the Authority, the Trustee and the Dissemination Agent an opinion of counsel unaffiliated with the Borrower (such as bond counsel) and acceptable to the Borrower, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Holders of the Bonds consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Holders of the Bonds pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the Borrower shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or Quarterly Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or Quarterly Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Quarterly Report or notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent U.S. Bank National Association from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in related to the Bonds.

SECTION 10. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds who have provided security and indemnity deemed acceptable to the Dissemination Agent, shall), or any party who can establish beneficial ownership of any of the Bonds or any Bondholder may, after providing fifteen (15) days written notice to the Borrower to give the Borrower opportunity to comply within such fifteen-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or under the Loan Agreement, and the sole

remedy available to the Dissemination Agent, any beneficial owners of the Bonds or the Bondholders under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the Borrower in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the Borrower. The Borrower 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 reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) Unless otherwise provided by contract with the Dissemination Agent, the Borrower shall pay or cause to be paid to the Dissemination Agent after reasonable notice to the Borrower in light of the reimbursement sought to be received, reasonable reimbursement for its reasonable expenses, charges, counsel fees and expenses and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. The Borrower shall indemnify and save the Dissemination Agent harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or default. None of the provisions contained in this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the Borrower under this Section to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Disclosure Agreement.

(c) In no event shall the Dissemination Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to, lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 12. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriters, parties who can establish beneficial ownership of the Bonds and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Loan Agreement or the Indenture.

SECTION 16. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State of Connecticut, and by applicable federal laws.

Dated as of June 1, 2014

BORROWER:

YALE-NEW HAVEN HEALTH SERVICES CORPORATION, as Obligated Group Agent

By: _____
Name: James M. Staten
Title: Executive Vice President, Corporate and Financial Services

DISSEMINATION AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: Elizabeth C. Hammer
Title: Vice President

EXHIBIT A
To Continuing Disclosure Agreement

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: State of Connecticut Health and Educational Facilities Authority (the "Authority").

Name of Bond Issue: State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Yale New Haven Health Issue, Series __.

Name of Borrower: Yale-New Haven Health Services Corporation.

Date of Issuance: June 23, 2014.

NOTICE IS HEREBY GIVEN that the Borrower has not yet provided the [Annual Report/Quarterly Report] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement by and between Yale-New Haven Health Services Corporation (the "Borrower") and U.S. Bank National Association (the "Dissemination Agent") dated as of June 1, 2014. The Borrower has informed the Dissemination Agent that the [Annual Report/Quarterly Report] will be filed with the Dissemination Agent by _____.

Dated:_____

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By:_____
Name: _____
Title: _____

cc: Borrower
Authority

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APPENDIX J-1

SUMMARY OF THE SERIES C REIMBURSEMENT AGREEMENT

The following summarizes certain provisions of the Series C Reimbursement Agreement. Reference is hereby made to the Series C Reimbursement Agreement for the detailed terms and provisions thereof and the discussion herein is qualified in its entirety by such reference. Capitalized terms used in this summary and not otherwise defined in this Official Statement shall have the meanings specified in the Series C Reimbursement Agreement.

General

Under the Series C Reimbursement Agreement, the Series C Credit Facility Provider agrees to issue the Series C Letter of Credit to the Series C Trustee concurrently with the issuance and delivery of the Series C Bonds. HSC agrees in the Series C Reimbursement Agreement to reimburse the Series C Credit Facility Provider in immediately available funds (i) on the same date on which the Series C Credit Facility Provider shall pay any draft presented under the Series C Letter of Credit a sum equal to the amount so paid under the Series C Letter of Credit, plus (ii) interest and fees as set forth in the Series C Reimbursement Agreement on any amount remaining unpaid by HSC to the Series C Credit Facility Provider under clause (i) above from and including the date such amount becomes payable until payment in full, payable on demand, at the rates specified in the Series C Reimbursement Agreement. Notwithstanding the foregoing, the obligation of HSC to reimburse the Series C Credit Facility Provider for the principal portion (but not the interest portion) for drawings made in connection with a failed remarketing of all or a portion of the Series C Bonds may be satisfied by a loan made by the Series C Credit Facility Provider to HSC.

Certain Affirmative and Negative Covenants of HSC and the Obligated Group

HSC and each Member of the Obligated Group covenants and agrees in the Series C Reimbursement Agreement, among other things to (i) punctually pay or cause to be paid all amounts payable under the Series C Reimbursement Agreement and the related financing documents; (ii) furnish annual financial reports and such other financial information to the Series C Credit Facility Provider; (iii) maintain its existence as a not-for-profit corporation; (iv) provide notice of events of default and other material items; (v) maintain or cause to be maintained insurance; (vi) punctually pay all taxes, assessments and other governmental charges; (vii) comply with the requirements with all applicable laws, rules and regulations and contracts and licenses; (viii) keep proper records and books of account; (ix) maintain in effect all necessary licenses, certifications and permits; and (x) maintain its property in good repair and operating condition.

HSC and each Member of the Obligated Group also covenant not to (i) encumber its property except as specifically provided by the Series C Reimbursement Agreement; (ii) dispose of its property except as specifically provided by the Series C Reimbursement Agreement; (iii) incur additional indebtedness except as specifically provided by the Series C Reimbursement Agreement; (iv) merge, consolidate or reorganize except as specifically provided by the Series C Reimbursement Agreement; and (v) allow its Long-Term Debt Service Coverage Ratio and Days Cash on Hand to fall below specified thresholds.

Events of Default Under the Series C Reimbursement Agreement

Events of Default under the Series C Reimbursement Agreement, as outlined therein, include, among other things, (i) failure of HSC to reimburse the Series C Credit Facility Provider for any drawing honored under the Series C Letter of Credit or pay other amounts owed to the Series C Letter of Credit Provider as required under the Series C Reimbursement Agreement; (ii) the failure by HSC to perform or observe certain covenants, the failure to so observe not being cured within the applicable grace period, if any; (iii) any representation or warranty made shall prove to have been false or misleading in any material respect when made; (iv) default in the payment of certain other indebtedness; (v) the occurrence of certain acts relating to the bankruptcy or insolvency of HSC or any Member of the Obligated Group; (vi) any material provisions of any of the related financing documents shall cease to be valid and binding; (vii) a final judgment or order for the payment of money shall be rendered against HSC in

an amount exceeding $10,000,000 of any available insurance coverage which remains undischarged, unsatisfied and unstayed for a period of 30 days; or (viii) an event of default occurs under any of the related financing documents.

Acceleration or Mandatory Tender of the Series C Bonds at Series C Credit Facility Provider Discretion

At any time during the continuance of any event of default, the Series C Trustee is required to declare the principal of and accrued interest on the Series C Bonds to be immediately due and payable upon receipt of notice from the Series C Credit Facility Provider that an event of default under the Series C Reimbursement Agreement has occurred and is continuing and direction from the Series C Credit Facility Provider to accelerate the Series C Bonds. At any time during the continuance of any event of default, the Series C Credit Facility Provider can also elect to give notice to the Series C Trustee to cause a mandatory tender of the Series C Bonds.

Certain Affirmative and Negative Covenants of HSC and the Obligated Group

HSC and each Member of the Obligated Group covenants and agrees in the Series C Reimbursement Agreement, among other things to (i) punctually pay or cause to be paid all amounts payable under the Series C Reimbursement Agreement and the related financing documents; (ii) furnish annual financial reports and such other financial information to the Series C Credit Facility Provider; (iii) maintain its existence as a not-for-profit corporation; (iv) provide notice of events of default and other material items; (v) maintain or cause to be maintained insurance; (vi) punctually pay all taxes, assessments and other governmental charges; (vii) comply with the requirements with all applicable laws, rules and regulations and contacts and licenses; (viii) keep proper records and books of account; (ix) maintain in effect all necessary licenses, certifications and permits; and (x) maintain its property in good repair and operating condition.

HSC and each Member of the Obligated Group also covenant not to (i) encumber its property except as specifically provided by the Series C Reimbursement Agreement; (ii) dispose of its property except as specifically provided by the Series C Reimbursement Agreement; (iii) incur additional indebtedness except as specifically provided by the Series C Reimbursement Agreement; (iv) merge, consolidate or reorganize except as specifically provided by the Series C Reimbursement Agreement; and (v) allow its Long-Term Debt Service Coverage Ration and Days Cash on Hand to fall below specified thresholds; and.

APPENDIX J-2

SUMMARY OF THE SERIES D REIMBURSEMENT AGREEMENT

The following summarizes certain provisions of the Series D Reimbursement Agreement, to which document, in its entirety, reference is made for complete provisions thereof. The provisions of any Substitute Credit Facility and related reimbursement agreement may be different from those summarized below. The following summary is qualified in its entirety by such reference.

Defined or capitalized terms used in this Appendix J-2, and not otherwise defined in this Official Statement, are used with reference to definitions contained in the Series D Reimbursement Agreement.

Information about the Series D Credit Facility Provider is contained in "Appendix K-2 – Information Concerning the Series D Credit Facility Provider," attached to this Official Statement. This information is based solely on information furnished by the Series D Credit Facility Provider to the Authority for inclusion in this Official Statement.

The Series D Reimbursement Agreement

Pursuant to the Series D Reimbursement Agreement for the Series D Letter of Credit, the Series D Credit Facility Provider is to be reimbursed by the Obligated Group for drawings made by the Series D Trustee upon such Series D Letter of Credit in accordance with the Series D Reimbursement Agreement. Capitalized terms used in this section and not otherwise defined shall have the meanings assigned thereto in the Series D Reimbursement Agreement.

The Series D Reimbursement Agreement contains certain covenants and agreements of the Obligated Group including, without limitation, the periodic delivery of financial statements and other information; maintenance of the Members' corporate existence and facilities, and of adequate insurance on their operations; compliance with applicable laws, contracts, licenses, accreditations and approvals; compliance with certain financial and rate covenants; limitations on the incurrence of additional indebtedness (including capital leases, secured obligations and guarantees) by the Obligated Group; limitations on the creation or existence of certain liens on the property of the Obligated Group; restrictions on dispositions; limitations on consolidations and mergers transactions involving the Obligated Group; compliance with environmental laws; restrictions on modifications of the Master Indenture, and related documents; restrictions on transactions with affiliates; and restrictions on changing their fiscal year.

The Series D Reimbursement Agreement provides that any of the following shall constitute an event of default under the Series D Reimbursement Agreement (each, an "Event of Default" under the Series D Reimbursement Agreement):

(a) the Obligated Group shall fail to pay the principal of or interest on any Reimbursement Obligation or Bank Bond when due (whether by scheduled maturity, required prepayment, redemption or otherwise);

(b) the Obligated Group shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on any Reimbursement Obligation or Bank Bond) when due and such failure shall continue for three (3) Business Days;

(c) any representation or warranty made by or on behalf of the Obligated Group or any other Member of the Obligated Group in the Series D Reimbursement Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the Obligated Group or any other Member of the Obligated Group shall default in the due performance or observance of any of the covenants set forth in Section 6.01 [existence], 6.05 [reporting], 6.08 [compliance with Related Documents], 6.09 [pari passu], 6.12 [removal of Bond Trustee], 6.13 [incurrence of Debt], 6.14 [modification of Related Documents], 6.18 [most favored lender], 6.19 [enter into priority swap contracts], 6.24 [margin stock], 6.25 [failure to maintain ratings], 6.26 [maintenance of Obligated Group members], 6.27 [fundamental changes], 6.28 [dispositions], 6.29 [change in business], 6.30 [transactions with affiliates], 6.32 [days cash on hand], or 6.33 [long term debt service coverage] of the Series D Reimbursement Agreement or any Incorporated Provision; or

(e) the Obligated Group or any other Member of the Obligated Group shall default in the due performance or observance of any other term, covenant or agreement contained in the Series D Reimbursement Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(f) the Obligated Group Agent or any other Member of the Obligated Group shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(g) of the Series D Reimbursement Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Obligated Group Agent or any other Member of the Obligated Group or any substantial part of their respective Property, or a proceeding described in Section 7.01(f)(v) of the Series D Reimbursement Agreement shall be instituted against any such Member and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(h) any material provision of any of the Related Documents shall cease to be valid and binding, or the Obligated Group Agent or any other Member of the Obligated Group or any Governmental Authority shall contest any such provision or the Obligated Group Agent or any other Member of the Obligated Group or any agent or trustee on behalf of the Obligated Group Agent or any other Member of the Obligated Group, shall deny that it has any or further liability under any of the Related Documents;

(i) the Obligated Group Agent or any other Member shall (i) default on the payment of the principal of or interest on any Parity Debt including, without limitation, any regularly scheduled payments on Swap Contracts which constitute Parity Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Parity Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to cause (determined without regard to whether any notice is required) any such Parity Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Parity Debt;

(j) the Obligated Group Agent or any other Member shall (i) default on the payment of the principal of or interest on any Debt (other than Parity Debt) including, without limitation, any regularly scheduled payments on Swap Contracts, aggregating in excess of $10,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which any Debt (other than Parity Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Parity Debt) aggregating in excess of $10,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which

default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt;

(k) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Series D Credit Facility Provider, in an aggregate amount in excess of $10,000,000 shall be entered or filed against the Obligated Group Agent or any other Member or against any of their respective Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(l) (i) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Obligated Group Agent, any Member or any ERISA Affiliate under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $2,000,000, or (ii) the Obligated Group Agent, any Member or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the $10,000,000.

Upon the occurrence of any such Event of Default, the Series D Credit Facility Provider may by notice in writing to the Obligated Group Agent declare all amounts owing with respect to the Series D Reimbursement Agreement and the other Related Documents to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are thereby expressly waived by the Obligated Group; provided that in the event of any Event of Default specified in subdivision (f) or (g) above, all such amounts shall become immediately due and payable automatically and without any requirement of notice from Series D Credit Facility Provider.

The Series D Reimbursement Agreement provides that in case any one or more of the Events of Default shall have occurred and be continuing, and whether or not the Series D Credit Facility Provider shall have accelerated the maturity of the Obligations under the Series D Reimbursement Agreement, the Series D Credit Facility Provider may: (a) proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in the Series D Reimbursement Agreement and the other Related Documents or any instrument pursuant to which the Obligations to the Series D Credit Facility Provider are evidenced, including as permitted by applicable law the obtaining of the *ex parte* appointment of a receiver, and if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Series D Credit Facility Provider; (b) provide written notice to the Trustee of the existence of the Event of Default and direct the Trustee to cause the redemption of the Series D Bonds to which the Series D Reimbursement Agreement relates pursuant to the provisions of the Series D Indenture or accelerate the maturity of such Series D Bonds pursuant to the provisions of the Series D Indenture; and (c) exercise, or cause to be exercised, any and all remedies as it may have under such Related Documents.

Term Loan

In the event a Liquidity Advance remains outstanding for a period of three hundred sixty seven (367) days, the Series D Credit Facility Provider shall agree, provided the conditions precedent set forth in the Series D Reimbursement Agreement are satisfied, to convert such advance owing by the Obligated Group to the Series D Credit Facility Provider into a loan (the "Term Loan"). Principal on any Term Loan owing shall be paid in equal quarterly installments. Any Term Loan shall mature and be payable in full on the earlier of: (i) the date that is three years after the date that the first unreimbursed obligation is converted to the Term Loan and (ii) Stated Expiration Date of the Series D Letter of Credit. The Term Loan shall be in principal amount equal to the unreimbursed obligations arising due to the Liquidity Advance. Each Term Loan will have the benefit of the Related Documents, and shall be secured by all security provided for in the Series D Reimbursement Agreement and the Master Indenture. All such unreimbursed obligations owing to the Series D Credit Facility Provider shall accrue interest at a variable rate per annum equal to the Base Rate in effect plus 1.00%.

Security for the Series D Reimbursement Agreement

The obligations of the Obligated Group under the Series D Reimbursement Agreement are secured by a pledge by the Obligated Group to the Master Trustee of a continuing security interest and lien on the property and assets described in the Master Indenture. Such property and assets include all Gross Revenues.

Pursuant to the Series D Reimbursement Agreement, the Obligated Group's reimbursement obligations with respect to the purchase of the Series D Bonds pursuant to the provisions of the Series D Indenture are to be secured by a pledge of and security interest in the Obligated Group's right, title and interest in and to the Collateral.

APPENDIX K-1

INFORMATION CONCERNING THE SERIES C CREDIT FACILITY PROVIDER

JPMorgan Chase Bank, National Association (the "Series C Credit Facility Provider") is a wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Series C Credit Facility Provider offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of March 31, 2014, JPMorgan Chase Bank, National Association, had total assets of $1,970.5 billion, total net loans of $617.5 billion, total deposits of $1,335.1 billion, and total stockholder's equity of $173.9 billion. These figures are extracted from the Series C Credit Facility Provider's unaudited Consolidated Reports of Condition and Income (the "Call Report") as of March 31, 2014, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles. The Call Report including any update to the above quarterly figures is filed with the Federal Deposit Insurance Corporation and can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2013, of JPMorgan Chase & Co., the 2013 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the "SEC") by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC's website at www.sec.gov.

The information contained in this Appendix K-1 relates to and has been obtained from the Series C Credit Facility Provider. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of the Series C Credit Facility Provider since the date hereof, or that the information contained or referred to in this Appendix K-1 is correct as of any time subsequent to its date.

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APPENDIX K-2

CERTAIN INFORMATION CONCERNING THE SERIES D CREDIT FACILITY PROVIDER

Bank of America, N.A. (the "Series D Credit Facility Provider") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Series D Credit Facility Provider is a wholly-owned indirect subsidiary of Bank of America Corporation (the "Corporation") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of March 30, 2014, the Series D Credit Facility Provider had consolidated assets of $1.46 trillion, consolidated deposits of $1.13 trillion and stockholder's equity of $180.12 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2013**,** together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the "SEC").

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at http://www.sec.gov which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Series D Credit Facility Provider is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Series D Credit Facility Provider will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Series D Credit Facility Provider delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
I 00 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

PAYMENTS OF PRINCIPAL AND INTEREST ON THE SERIES D BONDS WILL BE MADE FROM DRAWINGS UNDER THE SERIES D LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE SERIES D BONDS WILL BE MADE FROM DRAWINGS UNDER THE SERIES D LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE SERIES D LETTER OF CREDIT IS A BINDING OBLIGATION OF THE SERIES D CREDIT FACILITY PROVIDER, THE SERIES D BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE SERIES D BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of the information contained in this Appendix K-2 shall not create any implication that there has been no change in the affairs of the Corporation or the Series D Credit Facility Provider since the date of the most recent filings referenced herein, or that the information contained or referred to in this Appendix K-2 is correct as of any time subsequent to the referenced date.

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