

April 15, 2013

**ADVOCATE HEALTH CARE NETWORK  
SHERMAN HEALTH SYSTEMS**

**NOTICE OF PROPOSED AFFILIATION**

On April 15, 2013, Advocate Health Care Network (“Advocate”), Sherman Health Systems and Sherman Hospital (“SH”) executed an agreement (the “Agreement”) pursuant to which Advocate will become the sole corporate member of SH. The anticipated closing date is June 1, 2013 (the “Closing Date”). The proposed transaction has not been finalized, and is subject to significant conditions precedent, including the requirement of approval of the Illinois Health Facilities and Services Review Board. The parties can give no assurance that the transaction will occur as proposed in the Agreement.

The following outstanding bonds have been issued for the benefit of SH and the other Members of the Obligated Group (the “SH Obligated Group”) created under the Master Trust Indenture dated as of August 1, 1991, as supplemented and amended (the “SH MTI”), between the Members of the SH Obligated Group and the Master Trustee:

The “Series 1997 Bonds”:  
Illinois Health Facilities Authority  
Revenue Bonds, Series 1997  
(Sherman Health Systems)  
CUSIP: 45200LWQ5, 45200LWR3, 45200LWS1

The “Series 2007A Bonds”:  
Illinois Finance Authority  
Revenue Bonds, Series 2007A  
(Sherman Health Systems)  
CUSIP: 45200FBB4

Advocate will not assume the liability for or otherwise guarantee the Series 1997 Bonds or the Series 2007A Bonds as part of the transaction. The Series 1997 Bonds and the Series 2007A Bonds will continue to be secured by the SH MTI.

Advocate is evaluating the possible redemption of the Series 1997 Bonds after the Closing Date. The redemption of the Series 1997 Bonds is dependent on market conditions, management considerations, and other factors. There is no assurance that any of the Series 1997 Bonds will be redeemed, and the Series 1997 Bonds may remain outstanding until their final maturity. The Series 1997 Bonds are callable for redemption in whole or in part at any time upon 30 days notice.

The Series 2007A Bonds, are not subject to optional redemption until August 1, 2017. Advocate is evaluating a possible offer to purchase any or all of the Series 2007A Bonds after the Closing Date. Any offer to purchase would be made pursuant to a formal tender process and be dependent on market conditions, management considerations, and other factors. There is no assurance that an offer to purchase will be made for any or all of the Series 2007A Bonds and the Series 2007A Bonds may remain outstanding until their optional redemption date or final maturity.