

CONTINUING DISCLOSURE ANNUAL REPORT
(filed pursuant to Rule 15c2-12(b)(5))

ASCENSION HEALTH

**AS REPRESENTATIVE FOR THE ASCENSION HEALTH CREDIT GROUP AND THE
ASCENSION HEALTH SUBORDINATE CREDIT GROUP**

Name, Address and Telephone Number of Obligor:

Ascension Health Credit Group / Ascension Health Subordinate Credit Group
c/o Ascension Health, as Representative
4600 Edmundson Road
St. Louis, Missouri 63134
314.733.8000
Contact Person: Anthony J. Speranzo

Title of Bonds to Which Report Relates:

See **Exhibit B** attached hereto

Fiscal Year to Which Report Relates:

Fiscal year ended June 30, 2011

This Continuing Disclosure Annual Report (the "Report") is provided on behalf of the Ascension Health Credit Group and the Ascension Health Subordinate Credit Group (collectively, hereafter referred to as the "Credit Groups").

The Ascension Health Credit Group is a group of nonprofit corporations which consists of "Obligated Group Members", "Designated Affiliates" and "Limited Designated Affiliates" under a Master Trust Indenture, dated as of November 1, 1999 (the "Master Trust Indenture"), between the Obligated Group Members and U.S. Bank Trust National Association, as master trustee. The Ascension Health Credit Group was formed by Ascension Health ("Ascension Health"), a Missouri nonprofit corporation, in August 1999 and consists as of the date hereof of the Members identified in **Exhibit A** attached hereto and incorporated by reference.

The Ascension Health Subordinate Credit Group is a group of nonprofit corporations which consists of "Subordinate Obligated Group Members", "Subordinate Designated Affiliates" and "Subordinate Limited Designated Affiliates" under a Subordinate Master Trust Indenture, dated as of February 1, 2005 (the "Subordinate Master Trust Indenture"), between the Subordinate Obligated Group Members and U.S. Bank Trust National Association, as master trustee. The Ascension Health Subordinate Credit Group was formed by Ascension Health in February 2005 and consists as of the date hereof of the Members identified in **Exhibit A** attached hereto and incorporated by reference.

Ascension Health is the parent organization of a national health system consisting of the nonprofit corporations that initially comprised the Daughters of Charity National Health System and the Sisters of St. Joseph Health System. In December 2002, the Carondelet Health System contributed its constituent corporations to Ascension Health. The Report is being filed with the Electronic Municipal Market Access system, approved Nationally Recognized Municipal Securities Information Repositories and applicable state repositories ("Repositories") pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "Rule"), and is pursuant to the Continuing Disclosure Agreements pertaining to certain Bonds which were issued concurrently with or subsequent to the formation of Ascension Health, and other Bonds which were outstanding prior to Ascension Health's formation and have subsequently remained outstanding (the "Prior Bonds" - included on **Exhibit B**).

Ascension Health, on behalf of the Members of the Ascension Health Credit Group, assumed responsibility for complying with the disclosure requirements of the Rule for the Prior Bonds. Ascension Health previously prepared and filed with the Repositories that certain Notice of Specified Event, dated November 22, 1999, with respect to the Bonds. That Notice indicated the assumption by the Ascension Health Credit Group of the obligations of the former Charity Obligated Group.

THIS ANNUAL REPORT IS INTENDED SOLELY TO PROVIDE CERTAIN LIMITED FINANCIAL AND OPERATING DATA IN ACCORDANCE WITH UNDERTAKINGS OF ASCENSION HEALTH AND THE CREDIT GROUPS UNDER RULE 15c2-12 (THE "UNDERTAKING") AND DOES NOT CONSTITUTE A REISSUANCE OF ANY OFFICIAL STATEMENT RELATING TO THE BONDS DESCRIBED ABOVE OR A SUPPLEMENT OR AMENDMENT TO ANY SUCH OFFICIAL STATEMENT.

THIS ANNUAL REPORT CONTAINS CERTAIN FINANCIAL AND OPERATING DATA AS OF JUNE 30, 2011 (THE END OF ASCENSION HEALTH'S FISCAL YEAR). ASCENSION HEALTH HAS UNDERTAKEN NO RESPONSIBILITY TO UPDATE SUCH DATA SINCE JUNE 30, 2011. THIS ANNUAL REPORT MAY BE AFFECTED BY ACTIONS TAKEN OR OMITTED OR EVENTS OCCURRING AFTER THE DATE HEREOF. ASCENSION HEALTH HAS NOT UNDERTAKEN TO DETERMINE, OR TO INFORM ANY PERSON, WHETHER ANY SUCH ACTIONS ARE TAKEN OR OMITTED OR EVENTS DO OCCUR. ASCENSION HEALTH DISCLAIMS ANY OBLIGATION TO UPDATE THIS ANNUAL REPORT OR TO FILE ANY REPORTS OR OTHER INFORMATION WITH THE REPOSITORIES OR ANY OTHER PERSON EXCEPT AS SPECIFICALLY REQUIRED BY THE UNDERTAKING.

Financial Statements. Attached hereto as **Exhibit C** are the audited financial statements for Ascension Health for the fiscal years ended June 30, 2011 and 2010 including a column entitled "Other Entities" in the Other Financial Information section, which column serves as the financial statements for both the Credit Group and the Subordinate Credit Group (the "Group Financial Statements"). The Group Financial Statements (i) were prepared in accordance with generally accepted accounting principles as promulgated from time to time by

the Financial Accounting Standards Board; (ii) reflect the results of the operations of only Members of the Credit Groups, with the exception that the results of operations and financial position of Immaterial Affiliates (affiliates that are not part of the Credit Groups and have net assets representing less than 10% of the net assets of the Credit Groups) are included, as permitted by the Indentures; and (iii) reflect the results of the operations of the Material Credit Group Members and Material Subordinate Credit Group Members (as defined in the Master Trust Indenture and Subordinate Master Trust Indenture). The combined net assets of the Material Credit Group Members and Material Subordinate Credit Group Members included in the Group Financial Statements are equal or greater than 90% of the combined or consolidated net assets of the respective Credit Groups for the most recently completed Fiscal Year of the Credit Groups.

Update of Information. The following is an update of certain information contained in Appendix A to the Official Statements dated January 14, 1999, October 15, 1999, June 15, 2000, December 5, 2000, May 17, 2002, July 31, 2002, March 5, 2003, January 20, 2005, November 3, 2006, November 14, 2006, November 15, 2006, March 27, 2008, April 3, 2008, May 1, 2008, February 26, 2009, March 5, 2009, March 30, 2009, May 28, 2009, March 10, 2010 and March 17, 2010.

1. Number of Beds as of June 30, 2011

As of June 30, 2011, the Ascension Health Credit Group had 15,661 available beds.

2. Outstanding Master Trust Indenture Obligations and Subordinate Master Trust Indenture Obligations

As of June 30, 2011, the Ascension Health Credit Group had 47 Obligations outstanding under the Master Trust Indenture with an aggregate outstanding principal balance of \$3,655,199,995. As of June 30, 2011 the Ascension Health Subordinate Credit Group had 4 Obligations outstanding under the Subordinate Master Trust Indenture, with an aggregate outstanding principal balance of \$510,555,000.

3. The sources of revenue for Ascension Health.

The members of Ascension Health derive their patient service revenue from Medicare, state Medicaid programs, managed care payors, commercial insurers, self-paying patients and other sources. The following table sets forth Ascension Health's mix of combined net patient service revenue by payor for the fiscal years ended June 30, 2010 and June 30, 2011. The table allocates the net patient service revenues presented in the Group Financial Statements, attached hereto as **Exhibit C** (which, as explained above, includes Immaterial Affiliates that are not part of the Credit Groups and include all Material Credit Group Members / Material Subordinate Credit Group Members).

ASCENSION HEALTH
Sources of Revenue

	Fiscal Years Ended June 30	
	2010	2011
Medicare	36%	36%
Medicaid	10%	11%
Managed Care	17%	17%
Blue Cross	22%	22%
Other	15%	14%
	100%	100%

4. Information concerning the investment income, cash and investments, and liquidity position of Ascension Health.

For the fiscal years ended June 30, 2010 and 2011, Ascension Health generated \$813 million and \$1.3 billion of net investment gains, respectively.

Ascension Health increased its cash and investments by 21.2% from approximately \$7.0 billion to approximately \$8.5 billion between June 30, 2010 and 2011. As of June 30, 2011, Ascension Health's cash and investments included \$1.2 billion of cash and short-term investments, \$623 million of board-designated investments and \$6.7 billion of other investments. This combined cash and investment position represented 201.6% of Ascension Health's total debt as of June 30, 2011. The addition of the assets and liabilities of those Senior Credit Group members (that are also Subordinate Credit Group Members) that are not consolidated within the financial statements of Ascension Health results in increases in cash and investments of \$185 million with no increase in total debt as of June 30, 2011. The inclusion of the cash and investments of those excluded Senior Credit Group members and Subordinate Credit Group Members would result in the cash and investment position increasing to 206.0% of total debt as of June 30, 2011.

The foregoing information is derived from the Group Financial Statements, attached hereto as **Exhibit C** (which, as explained above, include Immaterial Affiliates that are not part of the Credit Groups and include all Material Credit Group Members and Material Subordinate Credit Group Members).

5. Utilization information for the Members of the Credit Groups.

An update to certain utilization data for the Credit Groups is presented below.

Historical Utilization Data of the Hospitals in the Credit Groups for the Fiscal Years Ended June 30

	Date Established	Available Acute Beds		Acute Discharges		Acute Patient Days		Acute Average Length of Stay	
		2010	2011	2010	2011	2010	2011	2010	2011
ALABAMA									
Birmingham	1898	713	724	39,213	37,404	189,025	180,082	4.8	4.8
Mobile	1854	349	349	14,476	14,236	73,068	73,265	5.0	5.1
ARIZONA									
Nogales	1960	25	25	1,330	1,428	2,750	3,013	2.1	2.1
Tucson	1880	794	794	33,699	32,518	150,259	148,647	4.5	4.6
CONNECTICUT									
Bridgeport	1903	284	284	17,810	17,670	88,915	86,764	5.0	4.9
DISTRICT OF COLUMBIA									
Washington D.C.	1864	234	234	12,198	10,957	57,345	50,520	4.7	4.6
FLORIDA									
Jacksonville	1916	460	460	26,849	27,101	124,238	124,238	4.6	4.6
Pensacola	1915	480	488	30,419	30,652	132,561	134,675	4.4	4.4
IDAHO									
Lewiston	1902	103	103	4,430	4,139	18,243	18,222	4.1	4.4
INDIANA									
Evansville	1872	374	374	16,288	17,847	77,585	81,935	4.8	4.6
Indianapolis	1881	1,134	1,132	48,783	50,028	238,508	247,040	4.9	4.9
MARYLAND									
Baltimore	1862	318	314	21,741	19,618	84,834	80,500	3.9	4.1
MICHIGAN									
Detroit	1934	1,593	1,581	90,507	90,647	421,166	422,265	4.7	4.7
Flint	1921	378	378	22,254	21,580	100,574	100,069	4.5	4.6
Kalamazoo	1888	286	286	18,097	17,563	71,354	69,780	3.9	4.0
Saginaw	1874	270	253	12,954	12,081	66,581	66,561	5.1	5.5
Tawas	1955	49	49	2,286	1,941	6,053	5,406	2.6	2.8
MISSOURI									
Kansas City	1874	322	320	15,764	15,702	68,639	69,296	4.4	4.4
NEW YORK									
Amsterdam	1903	107	86	5,580	5,488	23,424	22,566	4.2	4.1
Binghamton	1926	172	172	9,661	10,175	38,858	42,308	4.0	4.2
Niagara Falls	1907	116	116	5,639	5,689	23,930	24,965	4.2	4.4
Troy	1850	137	137	6,654	6,069	32,078	27,621	4.8	4.6
TENNESSEE									
Nashville	1898	1,103	1,111	61,114	62,760	268,663	272,906	4.4	4.3
TEXAS									
Austin	1902	1,103	1,158	61,145	63,900	266,287	279,115	4.4	4.4
Waco	1904	214	214	15,661	15,099	58,641	55,933	3.7	3.7
WASHINGTON									
Pasco	1916	25	25	2,267	2,240	6,253	6,125	2.8	2.7
WISCONSIN									
Milwaukee	1848	526	432	20,658	18,235	89,890	80,183	4.4	4.4
TOTAL		11,669	11,599	617,477	612,767	2,779,722	2,774,000	4.5	4.5

Management Prepared Financial Information. Certain information prepared by management related to the operating results and financial position of Ascension Health accompanies the financial statements provided in **Exhibit C**.

September 8, 2011

ASCENSION HEALTH SENIOR CREDIT GROUP
ASCENSION HEALTH SUBORDINATE CREDIT GROUP


By  _____
Anthony J. Speranzo
Senior Vice President and Chief Financial Officer

Exhibit A

LIST OF MEMBERS OF THE ASCENSION HEALTH CREDIT GROUP AND THE ASCENSION HEALTH SUBORDINATE CREDIT GROUP

As of June 30, 2011

Credit Group Representative

- Ascension Health - St. Louis, Missouri

Credit Group Members

Alabama

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

Arizona

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

Arkansas

- Daughters of Charity Services of Arkansas – Gould, Arkansas

Connecticut

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

District of Columbia

- Providence Hospital - Washington, D.C.

Florida

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

Idaho

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

Indiana

- St. Mary's Warrick Hospital, Inc. – Boonville, Indiana
- St. Vincent Clay Hospital, Inc. – Brazil, Indiana
- St. Vincent Carmel Hospital, Inc. – Carmel, Indiana
- St. Vincent Madison County Health System, Inc. – Elwood, Indiana

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

Louisiana

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

Maryland

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

Michigan

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

- Emergency Medical Services of Saginaw – Saginaw, Michigan
- Standish Community Hospital, Inc. – Saginaw, Michigan
- St. Mary’s Health – Saginaw, Michigan
- St. Joseph Health System – Tawas City, Michigan

Missouri

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

Tennessee

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

Texas

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

Washington

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

Wisconsin

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

Designated Affiliates

Indiana

- Ascension Health Ministry Service Center, LLC – Indianapolis, Indiana

Missouri

- Ascension Health Resource and Supply Management Group, LLC – St. Louis, Missouri

Limited Designated Affiliates

New York

- Our Lady of Lourdes Memorial Hospital, Inc. – Binghamton, New York
- Mount St. Mary's Hospital of Niagara Falls – Lewiston, New York
- Seton Health System, Inc. – Troy, New York
- St. Mary's Healthcare - Amsterdam, New York

Exhibit B

LIST OF BONDS TO WHICH REPORT RELATES

\$14,125,000

Schuylkill County Industrial Development Authority
Revenue Bonds (Charity Obligated Group),
Series 1999A

\$126,555,000

Indiana Health Facility Financing Authority
Hospital Revenue Bonds (Charity Obligated Group),
Series 1999D

\$44,500,000

State of Connecticut Health and Educational Facilities Authority
Variable Rate Revenue Bonds (Ascension Health Credit Group)
Series 1999B

\$340,000,000

Michigan State Hospital Finance Authority
Variable Rate Revenue Bonds (Ascension Health Credit Group)
Series 1999B-1, Series 1999B-2, Series 1999B-3, Series 1999B-4

\$20,470,000

Waco Health Facilities Development Corporation
Revenue Bonds (Ascension Health Credit Group)
Series 1999A

\$37,215,000

Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing
Authority
Hospital Revenue Bonds, 2000 Series A
(Hospital de la Concepción Project)

\$29,300,000

Illinois Development Finance Authority
Variable Rate Revenue Bonds, Series 2000A
(St. Vincent de Paul Center Project)

\$200,000,000

Indiana Health Facility Financing Authority
Variable Rate Revenue Bonds (Ascension Health Credit Group)
Series 2001A-1, Series 2001A-2

\$81,500,000

The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson
County, Tennessee
Revenue Bonds (Ascension Health Credit Group)
Series 2001B-1

\$49,300,000
Jacksonville Health Facilities Authority (Florida)
Revenue Bonds (Ascension Health Credit Group)
Series 2002A

\$47,205,000
Michigan State Hospital Finance Authority
Revenue Bonds (Ascension Health Credit Group)
Series 2002B

\$41,105,000
Escambia County Health Facilities Authority (Florida)
Revenue Bonds (Ascension Health Credit Group)
Series 2002C

\$100,825,000
Indiana Health Facility Financing Authority
Revenue Bonds (Ascension Health Credit Group)
Series 2002F

\$191,850,000
Escambia County Health Facilities Authority (Florida)
Revenue Bonds (Ascension Health Credit Group)
Series 2003A

\$193,325,000
Health and Educational Facilities Authority of the State of Missouri
Revenue Bonds (Ascension Health Credit Group)
Series 2003C-1, 2003C-2, 2003C-3

\$97,150,000
Indiana Health Facility Financing Authority
Revenue Bonds (Ascension Health Credit Group)
Series 2003E-6

\$13,080,000*
Alabama Special Care Facilities Financing Authority of Birmingham
Revenue Bonds (Ascension Health Subordinate Credit Group)
Series 2005A

\$450,180,000*
Indiana Health Facility Financing Authority
Revenue Bonds (Ascension Health Subordinate Credit Group)
Series 2005A

\$148,975,000*
Michigan State Hospital Finance Authority
Revenue Bonds (Ascension Health Subordinate Credit Group)
Series 2005A

\$118,830,000

Wisconsin Health and Educational Facilities Authority
Revenue Bonds (Ascension Health Senior Credit Group)
Series 2006A

\$286,660,000

Indiana Health and Educational Facility Financing Authority
Revenue Bonds (Ascension Health Senior Credit Group)
Series 2006B-4, 2006B-5, and 2006B-6

\$95,075,000

Alabama Special Care Facilities Financing Authority of Birmingham
Revenue Bonds (Ascension Health Senior Credit Group)
Series 2006C-2

\$100,610,000

Alabama Special Care Facilities Financing Authority of the City of Mobile
Revenue Bonds (Ascension Health Senior Credit Group)
Series 2006D

\$276,260,000

Indiana Health and Educational Facility Financing Authority
Revenue Bonds (Ascension Health Senior Credit Group)
Series 2006B-1, 2006B-2, 2006B-3, 2006B-7, and 2006B-8

\$35,000,000

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

\$102,050,000

Health and Educational Facilities Authority of the State of Missouri
Revenue Bonds (Ascension Health Senior Credit Group)
Series 2008C-4 & 2008C-5

\$224,175,000

Indiana Finance Authority
Revenue Bonds (Ascension Health Senior Credit Group)
Series 2008E-4, 2008E-5, 2008E-7, 2008E-8

\$93,265,000

State of Connecticut Health and Educational Facilities Authority
Variable Rate Revenue Bonds (Ascension Health Credit Group)
Series 2010A

\$178,095,000

Michigan State Hospital Finance Authority
Refunding and Project Revenue Bonds (Ascension Health Credit Group)
Series 2010B

\$145,730,000

The Health and Educational Facilities Board of Rutherford County, Tennessee
Revenue Bonds (Ascension Health Senior Credit Group)
Series 2010C

\$63,470,000

Tarrant County Cultural Educational Facilities Finance Corporation
Revenue Bonds (Ascension Health Credit Group)
Series 2010D

\$167,320,000

Wisconsin Health and Educational Facilities Authority
Revenue Bonds (Ascension Health Credit Group)
Series 2010E

\$678,990,000

Michigan State Hospital Finance Authority
Refunding and Project Revenue Bonds (Ascension Health Credit Group)
Series 2010F-1, Series 2010F-2, Series 2010F-3, Series 2010F-4, Series 2010F-5,
Series 2010F-6, Series 2010F-7, Series 2010F-8,

* Issued under the Subordinate Master Trust Indenture

Ascension Health

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read with Ascension Health's audited consolidated financial statements and related notes to the consolidated financial statements.

Volume Trends and Net Patient Service Revenue

For the year ended June 30, 2011, Ascension Health experienced a 1.9% increase in equivalent discharges as compared with the year ended June 30, 2010. Outpatient revenue as a percentage of total gross patient service revenue increased from 45.4% for the year ended June 30, 2010 to 46.6% for the year ended June 30, 2011. Observation days increased 13.8% as compared to the prior fiscal year.

	Year Ended June 30,	
	2011	2010
Acute Care Admissions	633,372	636,687
Total Admissions	685,035	686,734
Case Mix Index	1.49	1.48
Equivalent Discharges	1,284,333	1,259,803
Acute Average Length of Stay (days)	4.51	4.48
Observation Days	200,373	176,109
Emergency Room Visits	2,367,953	2,339,373
Surgical Visits (IP & OP)	530,843	537,235

Net patient service revenue grew 5.4% for the year ended June 30, 2011 as compared with the year ended June 30, 2010. Net patient service revenue per equivalent discharge increased 3.4%.

Ascension Health

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Income from Operations

For the year ended June 30, 2011, income from operations was \$424 million compared to \$569 million for the year ended June 30, 2010. This change is attributable to the following:

- An increase in total operating revenue of \$808 million or 5.5% as a result of a 1.9% increase in equivalent discharges over prior year, primarily due to growth for new and existing facilities and physician office visits, and a 3.4% increase in net patient service revenue per equivalent discharge. This increase is primarily due to increases in commercial rates, offset by:
 - A 1.1% shift in payor mix from commercial to governmental payors, coupled with a 9.0% increase in charity care (measured at cost).
 - A reduction in Medicare rates effective October 1, 2010 and reductions to Medicaid rates in certain states.
- An increase in total operating expenses of \$907 million or 6.4%.
 - \$502 million of the increase is due to growth in salaries and benefits reflecting moderate merit increases, an 18% increase in employed physicians and their staffs, and transitioning support for Information Systems to internal resources from a third party provider. Additionally, employee benefits per FTE increased 5.6% primarily in the areas of health claims and pension.
 - Professional fees account for approximately 16% of the increase primarily due to physician fees.
 - Other expense accounts for approximately 19% of the increase primarily due to increased provider tax expense as well as increased repairs and maintenance, minor equipment, rent, and utilities.
- Impairment, restructuring, and nonrecurring expenses increased \$61 million from the prior year primarily due to the following:
 - An increase of \$36 million of expenses related to the System-wide enterprise resource planning initiative.
 - An increase of \$10 million in impairment charges related to long-lived assets that were retired due to the construction of replacement facilities.
- The unpaid cost of providing care to persons living in poverty and community benefit programs was \$1.2 billion, a \$152 million or 14.1% increase over the year ended June 30, 2010. This increase is primarily attributable to increases in previously mentioned charity care costs as a result of economic conditions in certain markets as well as increased unreimbursed costs of emergency and trauma programs, medical education and community clinics.

Ascension Health

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Investment Return

For the year ended June 30, 2011, the Health System Depository recorded a 16.8% annual return. As discussed in the notes to the financial statements, investment return recognized by Ascension Health is summarized as follows:

	Year Ended June 30,	
	2011	2010
	<i>(in thousands)</i>	
Investment return in the Health System Depository	\$ 1,152,338	\$ 756,437
Interest and dividends	17,051	15,872
Net gains on investments reported at fair value	80,814	38,760
Restricted investment income	6,163	1,594
 Total investment return	 \$ 1,256,366	 \$ 812,663

Investment return is recognized in the consolidated statements of operations and changes in net assets as follows:

	Year Ended June 30,	
	2011	2010
	<i>(in thousands)</i>	
<u>Included in operating income</u>		
Realized investment return	\$ 58,520	\$ 27,933
Net change in unrealized gains/losses on investments	31,882	46,043
	90,402	73,976
<u>Included in nonoperating income</u>		
Realized investment return	607,743	371,468
Net change in unrealized gains/losses on investments	532,582	351,402
	1,140,325	722,870
<u>Included in the change in restricted net assets</u>		
Realized investment return	8,233	2,350
Net change in unrealized gains/losses on investments	17,406	13,467
	25,639	15,817
 Total investment return	 \$ 1,256,366	 \$ 812,663

Ascension Health

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Excess of Revenues and Gains over Expenses and Losses

The excess of revenues and gains over expenses and losses for the year ended June 30, 2011 was \$1.5 billion. This represents an increase of \$284 million compared to the year ended June 30, 2010. This increase is primarily due to the \$417 million increase in nonoperating investment return.

Balance Sheet Ratios

Ascension Health has 215 days of cash and investments on hand at June 30, 2011, which represents an increase of 25 days from June 30, 2010. The increase was driven by cash generated from operations as well as favorable investment returns partially offset by capital expenditures of \$730 million for the year ended June 30, 2011.

Cash-to-senior debt and cash-to-debt was 234.8% and 201.6%, respectively, at June 30, 2011 as indicated in the following table, representing increases compared to those at June 30, 2010. Ascension Health continues to focus significant efforts on maintaining a strong balance sheet.

Balance Sheet Ratios		
	June 30,	
	2011	2010
Days Cash on Hand	215	190
Net Days in Accounts Receivable	44	44
Cash-to-Senior Debt	234.8%	192.5%
Cash-to-Debt (Senior and Subordinated)	201.6%	165.2%
Senior Debt to Capitalization	24.2%	28.8%
Debt to Capitalization	27.1%	32.0%