

**NOTICE OF INTENT TO BID FOR BONDS IN AUCTION AND RESULTS FROM
LAST AUCTION**

**\$35,500,000 The Health, Educational and Housing Facility Board
of the County of Knox (Tennessee)
Hospital Revenue Improvement Bonds
Series 2006B (Covenant Health)
Subseries B-4, CUSIP 499527 AH2**

Covenant Health and its affiliates (the "Corporation") hereby gives the following notice with respect to the results of the last auction and its intent to bid for the Hospital Revenue Improvement Bonds Series 2006B (Covenant Health), Subseries B-4, Cusip No. 499527AH2 (the "Bonds"), issued for the benefit of the Corporation by The Health, Educational and Housing Facility Board of the County of Knox (Tennessee) (the "Issuer"), on December 20, 2006. Payment of the Bonds is insured by a financial guaranty insurance policy issued by Radian Asset Assurance Inc. ("the Insurer").

Auction Rate Securities

The Bonds were issued as Auction Rate Bonds, and since their issuance have borne interest at Auction Rates for each Auction Period, all determined in accordance with the Bond Indenture dated as of December 1, 2006, between the Issuer and U.S. Bank National Association (the "Bond Trustee"). After an initial Auction Period of a different length, the Bonds have been consistently offered with a 7-day Auction Period.

Auction Rate Experience

The Corporation provides the following information regarding the preceding auction for the Bonds on April 24, 2008 (the "Previous Auction"):

- a. the principal amount of Bonds offered for sale with *no rate specification* in the Previous Auction: \$1,725,000
- b. the principal amount of Bonds with *hold at specified hold rates of interest*: \$2,675,000
- c. the number and aggregate dollar amount of bids (including hold at rate specified orders) made was as follows: 10 bids totaling \$18,125,000
- d. the number of bidders (including hold at rate specified orders) other than the Broker-Dealers or the Corporation bidding for their own account was 9.
- e. the number, interest rates and amount of bids made by the Broker-Dealer for its own account for the Bonds in the Previous Auction was as follows: 0 bid at 0 % for \$ 0 .
- f. the number, interest rate and amount of bids, if any, made by the Corporation for the Bonds in the Previous Auction was as follows: 1 bid at 5.10% for \$10,000,000

- g. the clearing rate for the Bonds in the Previous Auction was as follows: 5.00%
- h. the high, low and median bids received in the Previous Auction for the Bonds was as follows: high was \$1,675,000 at 5.75%, the low was \$1,000,000 at 3.95%, the median was 4.83%
- i. The Corporation purchased \$0 of the Bonds in the Previous Auction.

Corporation's Intent To Purchase or Bid for the Bonds

To reduce interest rate expense for the Corporation's benefit, beginning with the auction for the Bonds on April 3, 2008, the Corporation began to submit bids for all or a portion of the outstanding Bonds as disclosed above. To reduce interest rate expense for the Corporation's benefit, the Corporation expects to again bid for all or a portion of the outstanding bonds at the next auction on May 1, 2008. If a bid is submitted by the Corporation for a portion, it will be for at least \$5,000,000. The Bonds are currently outstanding in the amount of \$35,500,000. Accordingly, the Corporation expects that on May 1, 2008, it will:

- (ii) submit a bid for up to 20% of the outstanding Bonds at a rate of 4.70%; and
- (iii) purchase any Bonds allocated to the Corporation in each auction with funds of the Corporation or an affiliate of the Corporation or with proceeds of indebtedness incurred pursuant to a loan agreement with a financial institution.

The Corporation's interests in bidding for the Bonds are different from every other current or potential holder of the Bonds in that the Corporation wants the lowest possible interest rate on the Bonds.

Thereafter the Corporation will consider its financing options, including without limitation, conversion of the Bonds to another interest rate mode, continuing to bid for the Bonds in subsequent auctions, permitting the continuation of the auction process without bids being made by the Corporation, or refunding or redeeming the Bonds. It is the Corporation's intent that the Bonds remain outstanding.

As an indication of current interest rates, the Corporation notes that the SIFMA Swap Rate for April 24, 2008, was 2.43%.

While the Corporation may purchase Bonds in the secondary market, it currently does not plan to offer to purchase Bonds directly from other holders.

Additional Financial Information Concerning the Corporation and Related Entities

The Bonds were sold initially on December 20, 2006, pursuant to an Official Statement dated December 4, 2006 (the “2006 Official Statement”). Since that date, the Corporation has filed certain limited information pursuant to its continuing disclosure obligations as described in the 2006 Official Statement. The Corporation is not providing any additional information regarding its business and affairs or financial performance and is not making any representations as to its current financial condition. An amendment to the 2006 Official Statement was filed with the NRMSIRs on March 31, 2008.

COVENANT HEALTH