

**DISCLOSURE OF INTENT TO BID BY BAYLOR HEALTH CARE SYSTEM  
WITH RESPECT TO  
NORTH CENTRAL TEXAS HEALTH FACILITIES DEVELOPMENT CORPORATION  
HOSPITAL REVENUE BONDS (BAYLOR HEALTH CARE SYSTEM PROJECT)  
SERIES 2001B, CUSIP: 658546WV4\***

**Intent to Bid:** Baylor Health Care System (“BHCS”) hereby gives notice that it intends to submit a hold order and it intends to submit one or more bids in connection with the auction to be held on June 19, 2008 (the “*Next Auction*”) for the bonds referenced above (the “*Bonds*”) that will be conducted by The Bank of New York, as auction agent (the “*Auction Agent*”). BHCS is obligated to provide funds to pay for the Bonds, and therefore its interest will differ from the interest of other investors in the Next Auction. All interested parties are directed to review carefully the auction procedures described in the final Official Statement delivered in connection with the issuance of the Bonds, which is on file with the Nationally Recognized Information Repositories (the “*Official Statement*”). A copy of the existing bidding procedures and further disclosure concerning the auction process may be obtained from Goldman, Sachs & Co., as broker-dealer for the Bonds (the “*Broker-Dealer*”), at the following address:

Goldman, Sachs & Co.  
85 Broad Street  
New York, NY 10004

**Specifics of Borrower’s Proposed Bid:** BHCS has notified the Broker-Dealer that it intends to ask the Broker-Dealer to submit a bid on BHCS’s behalf in the Next Auction. BHCS expects to bid for the entire principal amount of Bonds (less the amount for which it submits a hold order) at an annual interest rate which is equal to the Maximum PARS Rate for the auction less two basis point per annum, but not less than the Securities Industry and Financial Markets Association Municipal Swap Index (the “*SIFMA Index*”) most recently announced before it authorizes the bid.

**Pre- and Post-Bid Disclosure:** BHCS may, but is not required to, submit bids in future auctions. BHCS will provide notice at least two business days prior to any bid in a future auction by the following methods: (1) filing a copy of the notice with the Nationally Recognized Municipal Securities Information Repositories through Depository Assurance Certification LLC; (2) issuing a press release to *The Bond Buyer*, *Reuters*, *Bloomberg News*, *Dow Jones*, *The New York Times*, and *Wall Street Journal*; and (3) posting the notice on BHCS’s website, <http://www.baylorhealth.com/aboutus/>.

Certain data regarding the most recent auction for the Bonds is attached Exhibit A.

Promptly following the Next Auction, BHCS will provide through the three methods listed above the following information with respect to the Next Auction: (1) the amount of securities for sale in the Next Auction; (2) the number and aggregate dollar amount of bids made; (3) the number of bidders other than the Broker-Dealer and BHCS; (4) the number, interest rate(s) and amounts of bids, if any, made by the Broker-Dealer for its own account; (5) the number, interest rate(s) and amount(s) of bids, if any, made by BHCS; (6) the clearing rate; and (7) the high, low, and median bids received.

**Purchase Offer:** If any existing owners submit hold orders at the Next Auction, BHCS will offer to purchase their Bonds at a purchase price equal to 100% of principal amount plus accrued interest. Existing owners may contact the Broker-Dealer to sell the Bonds.

**Affect on PARS Rate:** Existing Holders and prospective bidders should take into account in their decision whether to buy, sell, or hold the Bonds that BHCS will likely affect the PARS Rate by virtue of BHCS’s proposed bid in the Next Auction. For additional considerations relating to bidding on the Bonds, see “BONDHOLDERS’ RISKS” in the Official Statement.

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\* The CUSIP Number is included for convenience of the owners of the Bonds. No representation is made as to the correctness or accuracy of the foregoing CUSIP Number printed on the Bonds or as indicated in any notice.

**Exhibit A**

**DISCLOSURE OF INTENT TO BID BY BAYLOR HEALTH CARE SYSTEM  
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**Information Concerning Most Recent Auction (Held June 12, 2008)**

- (1) The amount of securities for sale in the most recent auction: \$275,000\*
- (2) The number and aggregate dollar amount of bids made (Bonds for which Buy Orders and Hold Orders were submitted): 3 bids aggregating \$45,300,000
- (3) The number of bidders other than the Broker-Dealer and BHCS: 2
- (4) The number, interest rate(s) and amounts of bids, if any, made by the Broker-Dealer: None
- (5) The number, interest rate(s) and amount(s) of bids, if any, made by BHCS or the Issuer: 1, hold, \$36,825,000
- (6) The clearing rate: 2.651% (Failed Auction)
- (7) The high, low, and median bids received: 2.53%, 2.53%, and 2.53%, respectively

\*Excludes \$45,200,000 of Bonds for which hold orders were submitted.

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