



Debt & Derivative Advisors

Leaders in Healthcare Finance

Market Update: Healthcare

www.soundcapital.com

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General High Grade and Healthcare Yield Curves

	AAA GO	Insured Healthcare	A Healthcare	Swaps	
				SIFMA	67% of LIBOR
2 Yr	1.22	2.04	3.49	1.18	0.88
5 Yr	1.75	2.68	3.99	1.74	1.27
10 Yr	2.85	3.79	5.03	2.28	1.63
20 Yr	4.44	5.10	6.24	2.32	1.55
30 Yr	4.74	5.41	6.49	2.74	1.77

Healthcare Market News

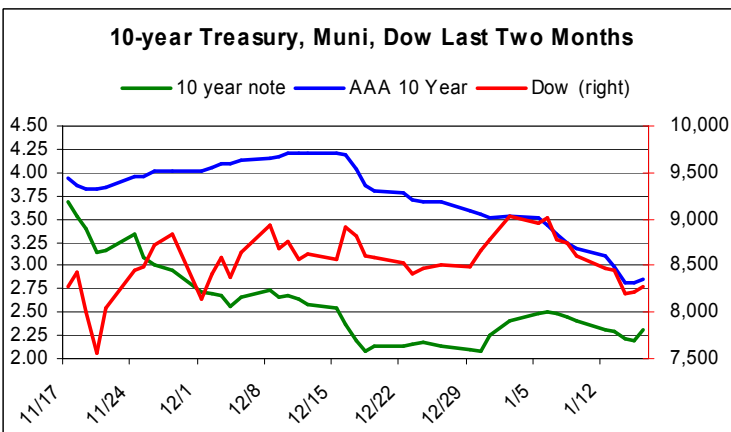
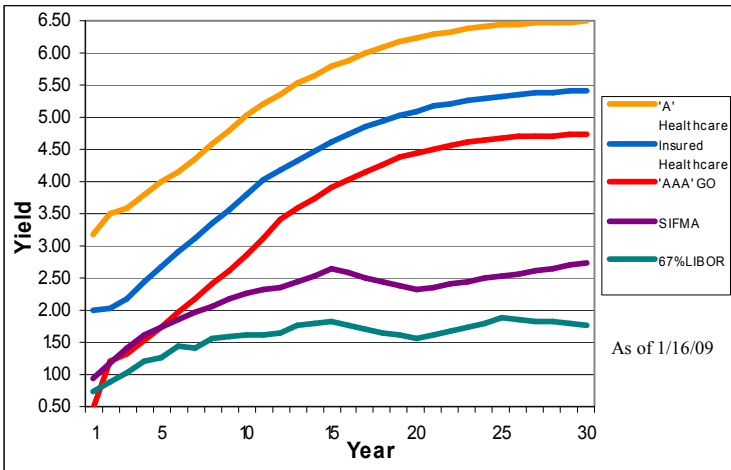
The Dow and the S&P 500 both saw modest losses last week, closing at 8,281.22 (-3.7%) and 850.12 (-4.5%), respectively, as renewed concerns about the financial sector dominated the market.

In fixed income, Treasuries fell across the curve, with the 2-year down 5 basis points, the 5-year down 7 basis points, the 10-year down 11 basis points, and the 30-year down 17 basis points. The AAA GO muni yield curve steepened, as yields fell 39 to 41 basis points on the short end, 34 basis points in the middle of the curve, and only 10 basis points on the long end.

In healthcare news, the IRS has stated that it is considering changes to the standard by which hospitals are deemed to provide enough community benefit to warrant tax-exempt status. Information gathered from its new Form 990 will be used to make this determination. Hospitals and other tax-exempt charitable organizations have been under increased scrutiny from the agency over the past several years.

While the muni market generally has been picking up steam over the past several weeks, the healthcare market is still looking for traction, with most sales still lingering on the day-to-day calendar. In healthcare this week, there is a light \$425MM scheduled for likely sale, including: \$215MM Baylor Health Care System, TX and \$120MM Anne Arundel Health System, MD.

On the general municipal calendar, there is a light \$3.2Bn scheduled this week. Highlights include: 1) \$420MM State of Connecticut, 2) \$300MM New York City Municipal Water Finance Authority, and 3) \$175MM San Antonio Water System, TX.



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MuniMarket Pulse podcast - Matt Fabian of Municipal Market Advisors Says Stimulus Package "Should Lead to Better Overall Performance" in Muni Market
Go to <http://podcast.derivactiv.com>.



New Issue Summary

Recent Healthcare Transactions—Issues over \$20MM

Week of sale	\$MM	Issuing Authority	Borrower	ST	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
12-Jan	393.0	Royal Oak Hospital Authority		MI	Rev	A1/A/A	14, 29, 39	Morgan Stanley	N

Highlighted 'A' Healthcare

Issue Details & Spread Analysis

Royal Oak Hospital Authority	Maturity	Yield	+/- "AAA" GO
A1/A/A	2014	6.40	4.13
Pricing Date: 1/12/09	2029	8.40	3.79
\$393MM Negotiated	2039	8.65	3.83

Issuers and borrowers may request SCM to perform a spread analysis on any issue. Call 952-996-0180.

Upcoming Healthcare Transactions—Issues over \$20MM

Week of sale	\$MM	Issuing Authority	Borrower	ST	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
19-Jan	120.0	Maryland Health & Higher Ed Auth	Anne Arundel Health System	MD	Rev	A3/A-/A-	11-19, 29, 39	Citigroup	N
19-Jan	215.2	Tarrant Co Educ Fac Auth	Baylor Health Care System	TX	Rev	Aa2/AA-/---	09-29	Goldman Sachs	N
19-Jan	90.0	Washington Hlth Fac Auth	Seattle Cancer Care Alliance	WA	Rev	A3/A+/---	09-14, 18, 28, 38	Merrill Lynch	N

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