



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	2.23	2.68	2.91	2.33	2.15
5 Yr	2.92	3.48	3.83	2.83	2.60
10 Yr	3.56	4.11	4.50	3.27	2.96
20 Yr	4.26	4.76	5.11	3.64	3.22
30 Yr	4.46	4.95	5.30	3.75	3.27

Healthcare Market News

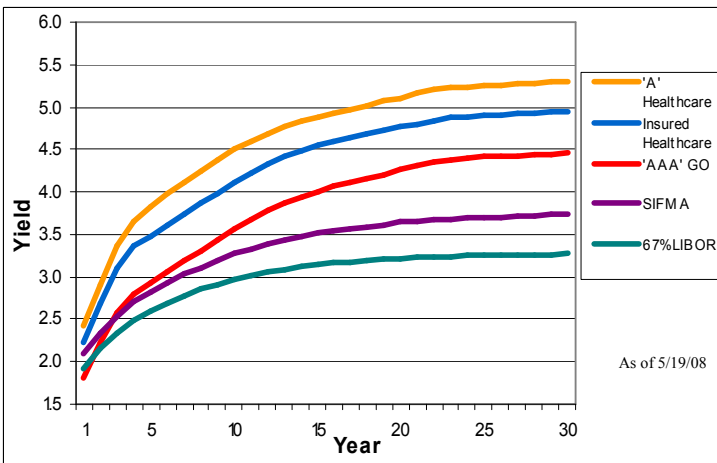
The Dow and the S&P 500 ended the week up 1.8% and 2.1%, respectively. The indexes are down 2.1% and 2.9% on the year, respectively. In economic data, the Consumer Price Index came in lower than expected at 0.2% (MoM) and 3.9% (YoY). Energy prices accounted for a significant portion of that as a barrel of oil hit yet another all-time high at \$127 last Friday, a 103% increase over the price a year ago. This week's economic calendar is light but includes PPI and Existing Home Sales.

In fixed income, the yield on the benchmark 10-year Treasury rose 9 basis points to close at 3.85% on Friday. In municipal space, the AAA GO yield curve was down across the curve with yields moving down 1 to 8 basis points on the short end, 4 to 7 basis points in the intermediate term, and 7 basis points on the long end.

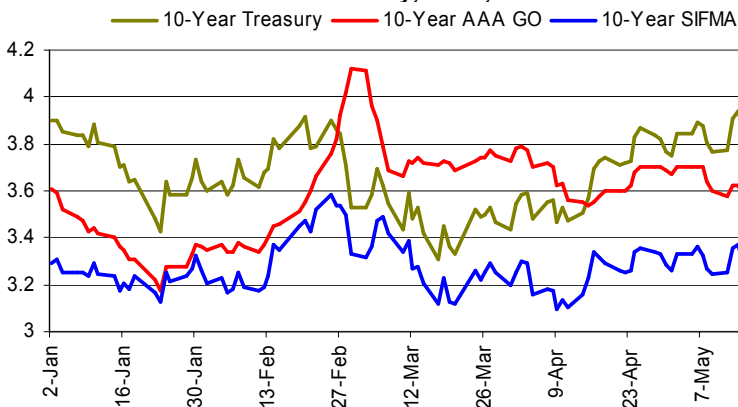
Last week MBIA posted its third quarterly loss in a row, this time totaling \$2.4 billion. News also came out last week that Berkshire Hathaway Assurance Corp, the newest triple-A bond insurer, earned about \$400 million in premiums during the last quarter. BHAC, FSA, and Assured Guaranty are the only bond insurers currently rated triple-A by all three credit rating agencies.

On the new issuance calendar for health care this week, there is a heavy \$1.0Bn scheduled. The \$541MM Massachusetts Health & Ed issue for CareGroup heads up the calendar as the largest deal of the week. Other highlights include 1) \$125MM Johnston Memorial Hospital, NC, 2) \$107MM Methodist Le Bonheur Healthcare, TN, and 3) \$97MM Rush University Medical Center, IL.

On the general municipal calendar, there is a moderate-to-light \$5.6Bn scheduled. Highlights include 1) \$422MM Colorado Public Highway Authority, 2) \$405MM Commonwealth of Pennsylvania, and 3) \$278MM Florida Department of Environmental Protection.



10-Year Treasury, Muni, SIFMA



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MuniMarket Pulse podcast - Chris Hall of Harris NA Says UBS Exit is "Double-Edged Sword"
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-May	27.7	Illinois Fin Auth	Delnor Comm Hosp	IL	Rev	AAA/AAA/---	09-24	Morgan Stanley	N
12-May	32.1	Lancaster Hosp-BryanLGH		NE	Rev	A1/---/A+	09-18	Piper Jaffray	N
12-May	60.3	Mass Health & Ed	Quincy Med Center	MA	Rev	---/---/---	12, 18, 28, 38	Oppenheimer	N
12-May	27.6	Rancho Mirage Jt Powers	Eisenhower Med	CA	Rev	AAA/---/---	22	UBS Securities	N
12-May	156.6	S Broward Hosp Dist	Memorial Healthcare	FL	Rev	Aa3/AA/---	09-1, 16-17, 22, 28, 36	UBS Securities	N
12-May	88.8	Wash Health Care Fac Auth	Children's Hospital	WA	Rev	Aa3/---/---	31, 35	Goldman Sachs	N
5-May	47.3	California Statewide Comm Dev	Sutter Health/LA Orthopaedic Hosp	CA	Rev	Aa3/AA/---	38	Morgan Stanley	N
5-May	57.5	California Statewide Comm Dev	Adventist Health	CA	Rev	---/AAA/AAA	37	Goldman Sachs	N
5-May	51.1	Colorado Health Fac Auth	Valley View Hosp	CO	Rev	---/BBB/---	28, 36	UBS Securities	N
5-May	124.8	Illinois Fin Auth	Elmhurst Mem Health	IL	Rev	Baa1/---/A-	15, 37	Citigroup	N
5-May	53.0	Lucas County Hosp Rev	Promedica	OH	Rev	Aa3/AA/---	38, 40	UBS Securities	N
5-May	107.3	Mass Health & Ed	Dana-Farber Cancer Inst	MA	Rev	A1/A/---	08-24, 27, 37	Goldman Sachs	N
5-May	104.0	Missouri Health Ed Auth	SSM Health Care	MO	Rev	---/AA/AA-	28, 36	Citigroup	N
5-May	201.8	Nebraska Health Fac Syst	Methodist	NE	Rev	---/A/A-	18, 22, 28, 38, 48	Citigroup	N
5-May	160.5	Vermont Health	Fletcher Allen	VT	Rev	Aaa/AAA/AAA	08-19, 22, 28, 34	Citigroup	N
5-May	150.0	Wash Health Care Fac Auth	Multicare Health Sys	WA	Rev	Aaa/AAA/---	23-28, 34	Merrill Lynch	N
5-May	157.5	Wash Health Care Fac Auth	Multicare Health Sys	WA	Rev	Aaa/AAA/---	12-22, 25, 31, 38, 41	Merrill Lynch	N
5-May	30.0	Wash Health Care Fac Auth	Multicare Health Sys	WA	Rev	Aaa/AAA/---	43	Merrill Lynch	N

Highlighted Unenhanced Healthcare Issue Details & Spread Analysis

Massachusetts Health & Ed Dana-Farber Cancer Inst	Maturity	Yield	+/- "AAA" GO
A1/A/---	2008	NRO	NA
Pricing Date: 5/05/08	2009	NRO	NA
\$107.3MM Negotiated	2010	2.79	0.41
	2011	3.12	0.44
	2012	3.35	0.44
	2013	3.49	0.46
	2014	3.63	0.48
	2015	3.77	0.48
	2016	3.91	0.48
	2017	4.05	0.48
	2018	4.18	0.48
	2019	4.30	0.48
	2020	4.41	0.48
	2021	4.51	0.48
	2022	4.59	0.48
	2023	4.66	0.48
	2024	4.72	0.48
	2027	4.87	0.48
	2037	5.06	0.45

Highlighted Enhanced Healthcare Issue Details & Spread Analysis

Vermont Ed & Health Bld Fletcher Allen Health Care	Maturity	Yield	+/- "AAA" GO
Aaa/AAA/AAA	2008	2.20	NA
(Baa1/BBB/BBB+)	2009	2.43	0.60
FSA	2010	2.97	0.59
Pricing Date: 5/05/08	2011	3.28	0.60
\$160.5MM Negotiated	2012	3.51	0.60
	2013	3.63	0.60
	2014	3.75	0.60
	2015	3.89	0.60
	2016	4.03	0.60
	2017	4.17	0.60
	2018	4.28	0.58
	2019	4.40	0.58
	2022	4.75	0.64
	2028	4.98	0.54
	2034	5.13	0.55

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-May	96.8	Illinois Finance Auth	Rush Univ Med Ctr	IL	Rev	---/---/---		Morgan Stanley	N
19-May	145.0	Johnston Mem Hosp Auth		NC	Rev	AAA/AAA/---		Banc of America	N
19-May	81.0	Lehigh County	Lehigh Valley Health	PA	Rev	---/---/---	35	Merrill Lynch	N
19-May	541.0	Mass Health & Ed	CareGroup	MA	Rev	A3/BBB+/---		Citigroup	N
19-May	107.0	Shelby County Health, Ed & Hsg Fac	Methodist Le Bonheur Healthcare	TN	Rev	---/---/---		Morgan Keegan	N
20-May	72.3	Lehigh County	Lehigh Valley Hosp	PA	Rev	---/---/---	09-38		C

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