



Debt & Derivative Advisors

Leaders in Healthcare Finance

Market Update: Healthcare

www.soundcapital.com

April 21st, 2008

Talk to one of our Debt and Derivative Advisors:

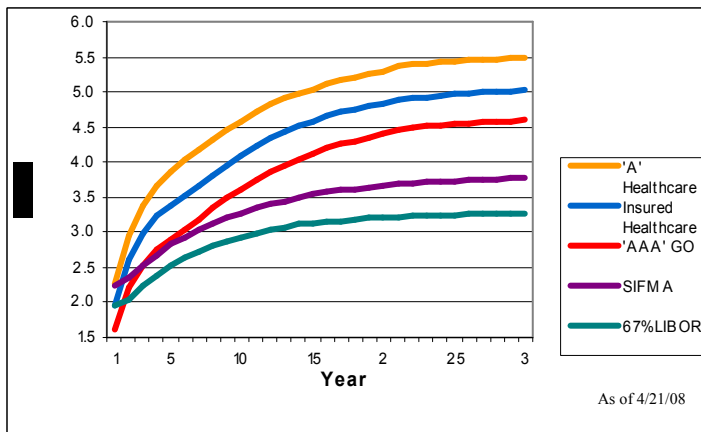
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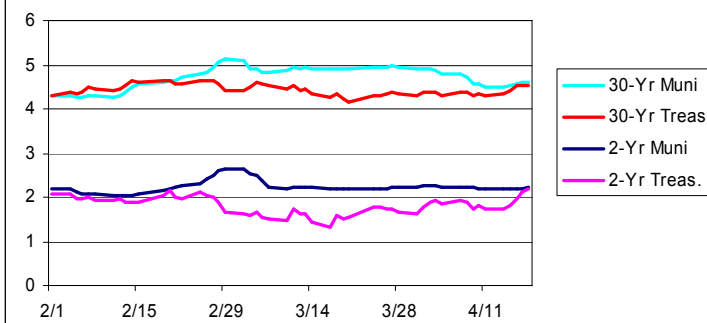
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General High Grade and Healthcare Yield Curves

| | AAA GO | Insured Healthcare | A Healthcare | SWAPS | |
|-------|--------|--------------------|--------------|-------|--------------|
| | | | | SIFMA | 67% of LIBOR |
| 2 Yr | 2.22 | 2.60 | 2.95 | 2.35 | 2.05 |
| 5 Yr | 2.90 | 3.39 | 3.86 | 2.83 | 2.53 |
| 10 Yr | 3.60 | 4.08 | 4.59 | 3.27 | 2.94 |
| 20 Yr | 4.40 | 4.84 | 5.30 | 3.68 | 3.21 |
| 30 Yr | 4.60 | 5.02 | 5.49 | 3.79 | 3.27 |



2-Year, 30-year AAA GO Munis vs. Treasuries



Healthcare Market News

The Dow closed at 12849 on Friday, **up 4.3% on the week** on stronger than expected quarterly earnings reports from JPMorgan, Citigroup, Wells Fargo, Google, and Coca-Cola, among others. The strong corporate earnings results may signal that the worst of the credit crisis is behind us.

Treasury yields gained on the news, as the yield on the **2-year note jumped 43 basis points to 2.17%, the highest yield since late January**. The 10-year climbed 27 basis points to 3.74%, and the 30-year was up 22 basis points to 4.51%. **The market now expects only a 25 basis point cut to 2.0% in the Fed Funds rate** when the FOMC meets on April 30th, as opposed to the 50 basis points the market expected a week ago.

AAA GO Muni rates also climbed, but not as dramatically. Yields rose 3 to 6 basis points on the short end, 4 to 7 basis points in the intermediate term, and 9 to 12 basis points on the long end of the curve.

The **British Bankers' Association**, which oversees the calculation of the Libor interest rate, said it was **investigating alleged price fixing** by the contributing banks that would artificially lower the benchmark interest rate. The banks have since increased their reported offering rate and as a result, 3-month Libor **rose 17 basis points between Wednesday and Friday** of last week to close at 2.91% last Friday. The sudden and unexpected rise could have wide implications for tax-exempt borrowers with rates tied to the index.

On the municipal calendar for health care, there is a heavy \$1.5Bn of new issuance scheduled for this week. Highlights include 1) \$390MM Children's Memorial, IL, 2) \$329MM Sutter Health, CA, 3) \$254MM Orange Regional Medical, NY, and 4) \$221MM Banner Health, AZ.

On the general municipal calendar, there is a moderate \$7.1Bn of new issuance scheduled. Highlights include 1) \$1.1Bn Puerto Rico GO, 2) \$633MM California Department of Water Resources, and 3) \$543MM New Jersey Economic Development Authority.

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MuniMarket Pulse podcast - Richard Ciccarone of McDonnell Investment Management has "Strong Reservations" on Ratings Reform, Points To History. 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 |
|--------------|-------|--------------------------|---------------------------------|----|-------|-----------------|-----------------------|----------------|-----------|
| 14-Apr | 63.7 | Cass County Health Care | | ND | Rev | ---/AAA/AAA | 38, 40 | Goldman Sachs | N |
| 14-Apr | 39.1 | Grand Forks Health Care | | ND | Rev | Aaa/---/AAA | 08-20, 22, 26 | Merrill Lynch | N |
| 14-Apr | 120.1 | El Paso County Hosp Dist | | TX | GO LT | ---/AAA/AAA | 13-23, 32, 38 | UBS Securities | N |
| 14-Apr | 50.0 | Montgomery County Rev | Catholic Health | OH | Rev | Aaa/AAA/AAA | 41 | JP Morgan | N |
| 14-Apr | 30.0 | Yavapai Ind Dev Auth | Yavapai Reg Med | AZ | Rev | Baa2/---/BBB+ | 33, 37 | UBS Securities | N |
| 7-Apr | 215.0 | Colorado Health Fac Auth | Poudre Valley Hlth Care Inc. | CO | Rev | Aaa/AAA/--- | 31, 36, 40 | JP Morgan | N |
| 7-Apr | 84.7 | Indiana Health & Ed Fac | Sister of St. Francis Hlth Svcs | IN | Rev | Aaa/---/AAA | 22-27, 29, 31, 41 | Merrill Lynch | N |
| 7-Apr | 120.5 | Wisconsin Health & Ed | Ministry Healthcare | WI | Rev | ---/AAA/--- | 08-24, 27, 31, 32, 34 | Merrill Lynch | N |

Highlighted Unenhanced Healthcare Issue Details & Spread Analysis

| Yavapai Ind Dev Auth Yavapai Reg Med | Maturity | Yield | +/- "AAA" GO |
|--|----------|-------|--------------|
| | 2033 | 5.70 | 1.24 |
| Baa2/---/BBB+ | 2037 | 5.73 | 1.24 |
| Pricing Date: 4/14/08 \$30MM Negotiated | | | |

Highlighted Enhanced Healthcare Issue Details & Spread Analysis

| Grand Forks Health Care | Maturity | Yield | +/- "AAA" GO |
|-------------------------|----------|-------|--------------|
| AAA/---/AAA | 2008 | 2.75 | 1.20 |
| (Baa2/---/---) | 2009 | 3.00 | 1.45 |
| Assured Guaranty | 2010 | 3.25 | 1.08 |
| Pricing Date:4/14/08 | 2011 | 3.40 | 0.94 |
| \$39.1MM Negotiated | 2012 | 3.50 | 0.79 |
| | 2013 | 3.68 | 0.82 |
| | 2014 | 3.82 | 0.82 |
| | 2015 | 3.97 | 0.82 |
| | 2018* | 4.20 | 0.65 |
| | 2019 | 4.34 | 0.66 |
| | 2020 | 4.44 | 0.66 |
| | 2022 | 4.68 | 0.71 |
| | 2026 | 5.00 | 0.77 |

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

* No information available for 2016-17.

Upcoming Healthcare Transactions

Issues over \$20MM

| Week of sale | \$MM | Issuing Authority | Borrower | ST | Type | Rating (M/SP/F) | Due (20XX) | Manager | Comp /Neg |
|--------------|-------|-------------------------------|------------------------------|----|------|-----------------|-------------------|---------------------|-----------|
| 21-Apr | 221.4 | Arizona Hlth Fac Auth | Banner Health | AZ | Rev | ---/---/--- | | Merrill Lynch | N |
| 21-Apr | 329.2 | California Hlth Fac Auth | Sutter Health | CA | Rev | ---/---/--- | | Morgan Stanley | N |
| 21-Apr | 121.0 | California Statewide Comm Dev | Good Samaritan Hospital | CA | Rev | ---/---/--- | | Shattuck Hammond | N |
| 21-Apr | 48.0 | California Statewide Comm Dev | | CA | Rev | ---/---/--- | | Citigroup | N |
| 21-Apr | 32.0 | California Statewide Comm Dev | | CA | Rev | ---/---/--- | | Citigroup | N |
| 21-Apr | 45.0 | Franklin County Hosp Imp | Nationwide Children Hospital | OH | Rev | ---/---/--- | | Natcity Investments | N |
| 21-Apr | 22.6 | Hopkins County Hosp Dist | | TX | Rev | ---/BBB/--- | | Morgan Keegan | N |
| 21-Apr | 180.0 | New Jersey Health Care | AHS Hospital Corp | NJ | Rev | ---/---/--- | 09-21, 27 | Goldman Sachs | N |
| 21-Apr | 264.3 | New York State Dorm Auth | Orange Regional Med | NY | Rev | ---/---/--- | 11-15, 21, 29, 37 | Merrill Lynch | N |
| 28-Apr | 52.8 | California Statewide Comm Dev | Los Angeles Orthopaedic Hosp | CA | Rev | ---/---/--- | 08-30 | JP Morgan | N |
| 28-Apr | 170.0 | Illinois Finance Auth | Children's Memorial | IL | Rev | ---/---/--- | | George K. Baum | N |
| 28-Apr | 210.0 | Illinois Finance Auth | Children's Memorial | IL | Rev | ---/---/--- | | George K. Baum | N |

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