



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	2.07	2.30	2.47	2.03	1.82
5 Yr	2.66	2.99	3.36	2.60	2.35
10 Yr	3.36	3.75	4.24	3.22	2.89
20 Yr	4.15	4.53	5.08	3.68	3.23
30 Yr	4.30	4.67	5.23	3.78	3.28

Healthcare Market News

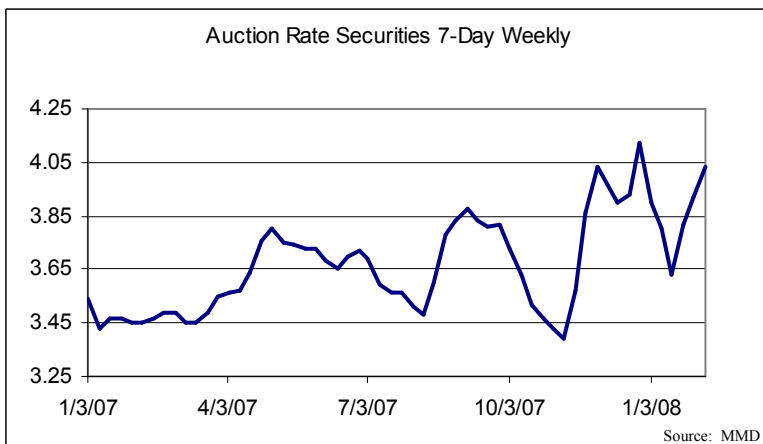
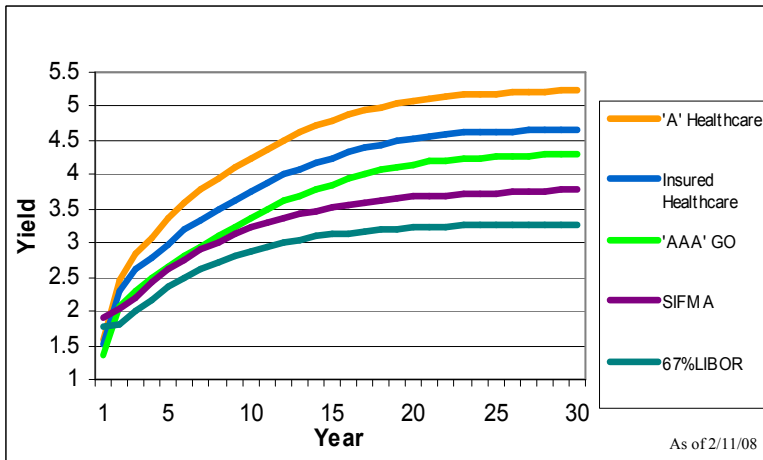
The Dow posted a 4.4% decline last week, effectively wiping out a 4.4% increase the week before, closing at 12,182 on Friday. The index lost over 300 points on Monday (2/4/08) when the **ISM Non-manufacturing Composite index came in at 44.6**, sharply lower than economists' estimates of 52.5. A reading below 50 generally signals economic contraction.

The Treasury yield curve saw significant steepening on the week, as the 2-year fell 15 basis points to 1.93%, and the 30-year rose 12 basis points to 4.44%. The AAA GO muni curve has also steepened this past week. The 2-year AAA GO muni yield declined 3 basis points, and the 30-year increased 1 basis point for the week.

Borrowers with auction rate securities have seen dramatic increases in the cost of borrowing, as investors of ARS have demanded more yield for the increased risk in the wake of the insurer crisis. Below left is MMD's ARS 7-day Weekly index. Many issuers are seeking alternative financing options to convert out of auction rates and into VRDBs or fixed rate mode.

On the new issue calendar for healthcare, there is a light calendar with only one issue scheduled: \$29.8MM Olathe Health Facilities, KS. There are another three issues totaling \$264MM on the day-to-day calendar that may sell this week.

On the general municipal calendar, **there is a light \$3.5Bn of new issuance**. Last week saw \$6.2Bn, but that figure was inflated due to the largest issue of 2008: \$3.1Bn California Economic Recovery. Highlights for the week ahead include \$750MM New York Metro Transit Authority, \$475MM City of New York GO, and \$232MM Fort Worth ISD, TX.



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MuniMarket Pulse podcast - Howard Mackey, President of Rice Financial Says there is a "Tremendous Cloud" Over the Ratings Agencies. Go to <http://podcast.derivactiv.com>.

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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
4-Feb	264.3	Maryland Health & Higher Educ	Washington County Hosp	MD	Rev	---/BBB-/BBB	12-18,23,43	Merrill Lynch	N
21-Jan	126.0	New York Dorm Auth	Montefiore Medical Center	NY	Rev	Aa2/AAA/---	08-24	Merrill Lynch	N
21-Jan	22.8	Fauquier Hospital		VA	Rev	---/BBB+/-	37	BB&T Capital Markets	N
21-Jan	20.0	Albany Industrial Dev Agency	St. Peter's Hospital	NY	Rev	Baa2/BBB+/BBB	11-17,22,32	Merrill Lynch	N
14-Jan	46.4	Matagorda County Hospital		TX	Rev	---/AAA/---	10-18,27,35	Depfa First Albany	N
14-Jan	39.6	Olathe Health Facilities	Olathe Medical Center	KS	Rev	---/A+/-	8-12,37	Piper Jaffray	N

Highlighted Healthcare Issue Details & Spread Analysis

Albany Industrial Development Agency St. Peter's Hospital - Albany, NY	Maturity	Yield	+/- "AAA" MMD
Baa2/BBB+/BBB	2011	3.53	1.15
Pricing Date: 1/21/08	2012	3.77	1.20
\$20.0MM Negotiated	2013	3.94	1.25
	2014	4.09	1.30
	2015	4.20	1.30
	2016	4.31	1.30
	2017	4.41	1.30
	2022	4.91	1.30
	2027	5.20	1.27
	2032	5.31	1.25

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
11-Feb	121.0	California Statewide Community Dev	Good Samaritan Hospital	CA	Rev	---/---/---		Shattuck Hammond	N
11-Feb	52.8	California Statewide Community Dev	Los Angeles Orthopaedic Hos	CA	Rev	---/---/---	08-30	JP Morgan	N
11-Feb	90.0	Puerto Rico Indl Tourist	Hospital Auxilio Mutuo	PR	Rev	---/---/---		JP Morgan	N
11-Feb	29.8	Olathe Health Facilities	Olathe Medical Center	KS	Rev	---/A+/-		Piper Jaffray	N

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