



Debt & Derivative Advisors

Leaders in Healthcare Finance

Market Update: Healthcare

www.soundcapital.com

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Talk to one of our Debt and Derivative Advisors:

| | | | |
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General High Grade and Healthcare Yield Curves

| | AAA GO | Insured Healthcare | A Healthcare | Swaps | |
|-------|--------|--------------------|--------------|-------|--------------|
| | | | | SIFMA | 67% of LIBOR |
| 2 Yr | 2.29 | 2.77 | 3.05 | 2.39 | 2.28 |
| 5 Yr | 3.05 | 3.66 | 4.04 | 2.95 | 2.75 |
| 10 Yr | 3.65 | 4.26 | 4.67 | 3.40 | 3.07 |
| 20 Yr | 4.35 | 4.95 | 5.32 | 3.75 | 3.26 |
| 30 Yr | 4.56 | 5.13 | 5.49 | 3.84 | 3.29 |

Healthcare Market News

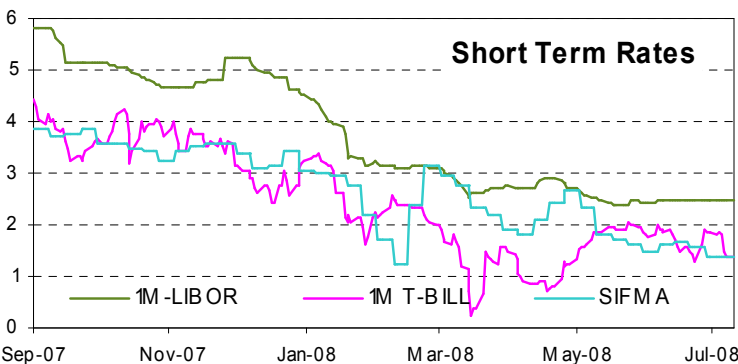
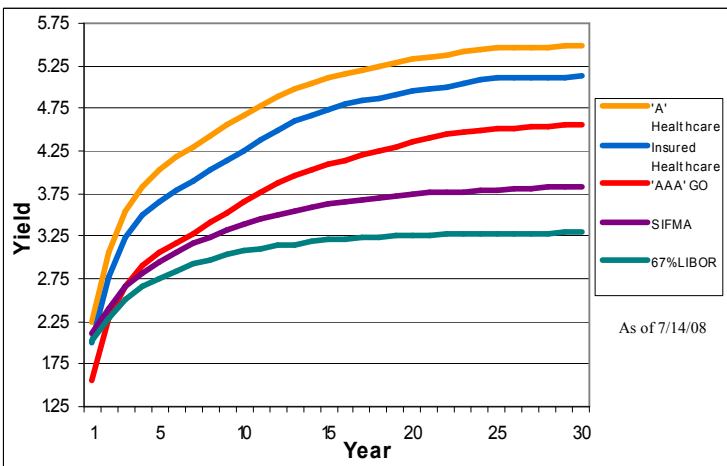
The Dow dipped below 11,000 in intraday trading on Friday, but ended the day at 11,101, a 1.7% decline for the week. The S&P 500 closed Friday at 1239, its lowest point in nearly two years.

Most of the week's negative market sentiment came from news that two government sponsored enterprises (GSEs), Freddie Mac and Fannie Mae, were termed "technically insolvent" by a Fed official last Wednesday. The two firms either own or guarantee nearly 50% of all mortgages in the U.S., and failure would almost certainly mean disaster. Treasury Secretary **Henry Paulson announced a rescue plan on Sunday night** for Freddie and Fannie that includes buying equity stakes and increasing lines of credit. Market reaction was mixed today (7/14/08).

In fixed income space, Treasuries saw little change on the week. The yield on the 3-year note was up 7 basis points to 2.63%, while the benchmark 10-year note dropped 3 basis points to close at 3.94%. **AAA GO muni yields saw a considerable drop across the curve**, as the 2-year dropped 25 basis points to 2.29%, the 10-year dropped 13 basis points to 3.65%, and maturities longer than 15 years dropped 7 to 8 basis points.

On the new issuance calendar for healthcare, **there is a heavy week with \$970MM scheduled**. Highlights include 1) \$230MM Integris Health, OK, 2) \$203.7MM McLaren Healthcare, MI, and 3) \$150MM Southern Ohio Medical Center.

On the general municipal calendar, there is a moderate \$7.2Bn scheduled. Highlights include 1) \$1Bn Triborough Bridge and Tunnel Authority, NY, 2) \$625MM Florida Hurricane Catastrophe Fund, and 3) \$415MM State of Maryland GOs.



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MuniMarket Pulse podcast - Tom Doe Says Property & Casualty Industry Slowdown Will Bring Muni Supply; Panic of 1837
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 |
|--------------|-------|---------------------------|----------------------------|----|------|-----------------|-------------------|---------------|-----------|
| 9-Jul | 29.4 | Tahoe Forest Hosp Dist | | CA | GO | Aaa/---/--- | 13-25, 27-38 | Piper Jaffray | C |
| 7-Jul | 87.3 | Maryland Hlth & Higher Ed | Univ of Maryland Med Ctr | MD | Rev | A3/A/A | 09-21, 23 | JP Morgan | N |
| 7-Jul | 103.4 | City of Colorado Springs | Memorial Hospital | CO | Rev | Aaa/AAA/--- | 08-22, 27, 32 | Goldman Sachs | N |
| 30-Jun | 30.0 | Montana Hlth Fin Auth | | MT | Rev | Aa3/---/AA- | 09-18, 23, 28, 33 | DA Davidson | N |
| 30-Jun | 516.5 | New York State Dorm Auth | Mental Health Svcs Fac Imp | NY | Rev | ---/AA-/A+ | 09-28, 33, 38 | JPMorgan | N |

Highlighted Unenhanced Healthcare Issue Details & Spread Analysis

| Montana Fac Fin Auth | Maturity | Yield | +/- "AAA" GO |
|-----------------------|----------|-------|--------------|
| Aa3/---/AA- | 2009 | 2.10 | 0.40 |
| Pricing Date: 6/30/08 | 2010 | 2.75 | 0.12 |
| \$30.0MM Negotiated | 2011 | 3.10 | 0.11 |
| | 2012 | 3.40 | 0.20 |
| | 2013 | 3.60 | 0.27 |
| | 2014 | 3.75 | 0.30 |
| | 2015 | 3.85 | 0.29 |
| | 2016 | 4.00 | 0.33 |
| | 2017 | 4.15 | 0.36 |
| | 2018 | 4.30 | 0.40 |
| | 2028* | 4.95 | 0.42 |
| | 2033 | 5.05 | 0.36 |

* Information not available for 2023 maturity.

Highlighted Enhanced Healthcare Issue Details & Spread Analysis

| Colorado Springs Memorial Hospital | Maturity | Yield | +/- "AAA" GO |
|------------------------------------|----------|-------|--------------|
| Aaa/AAA/--- | 2010* | 3.18 | 0.68 |
| (A3/A/---) | 2011 | 3.53 | 0.68 |
| FSA | 2012 | 3.74 | 0.68 |
| Pricing Date: 7/7/08 | 2013 | 3.86 | 0.68 |
| \$103.4MM Negotiated | 2014 | 3.98 | 0.68 |
| | 2015 | 4.09 | 0.68 |
| | 2016 | 4.21 | 0.69 |
| | 2017 | 4.33 | 0.70 |
| | 2018 | 4.45 | 0.71 |
| | 2019 | 4.57 | 0.72 |
| | 2020 | 4.67 | 0.72 |
| | 2021 | 4.75 | 0.72 |
| | 2022 | 4.81 | 0.72 |
| | 2027 | 4.96 | 0.60 |
| | 2032 | 5.09 | 0.53 |

* Information not available for 2008 and 2009 maturities.

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 |
|--------------|-------|----------------------------------|------------------------------|----|------|-----------------|------------|-----------------|-----------|
| 14-Jul | 230.0 | Oklahoma Dev Fin Auth | Integrus | OK | Rev | Aa3/AA/--- | | Goldman Sachs | N |
| 14-Jul | 125.0 | City and County of San Francisco | Laguna Honda Hosp | CA | GO | ---/---/--- | | | C |
| 14-Jul | 70.0 | Tulare Local Hlthcare Dist | | CA | GO | ---/---/--- | | | C |
| 14-Jul | 150.0 | County of Scioto Hosp Fac | Southern Ohio Med Ctr | OH | Rev | A2/---/--- | | Goldman Sachs | N |
| 14-Jul | 82.0 | Wisconsin Hlth & Ed Fac Auth | Medical College of Wisconsin | WI | Rev | A1/A+/--- | | Goldman Sachs | N |
| 14-Jul | 203.7 | Michigan State Hosp Auth | McLaren Healthcare | MI | Rev | A1/--/AA- | | Citigroup | N |
| 14-Jul | 108.1 | N Brevard Co Hosp Dist | Parish Medical Center | FL | Rev | A/A+/--- | | Raymond James | N |
| 21-Jul | 128.5 | Washington Hlth Care Auth | Highline Medical Center | WA | Rev | Aaa/AAA/--- | | Banc of America | N |

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