



Debt & Derivative Advisors

Leaders in Healthcare Finance

Market Update: Healthcare

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Talk to one of our Debt and Derivative Advisors:

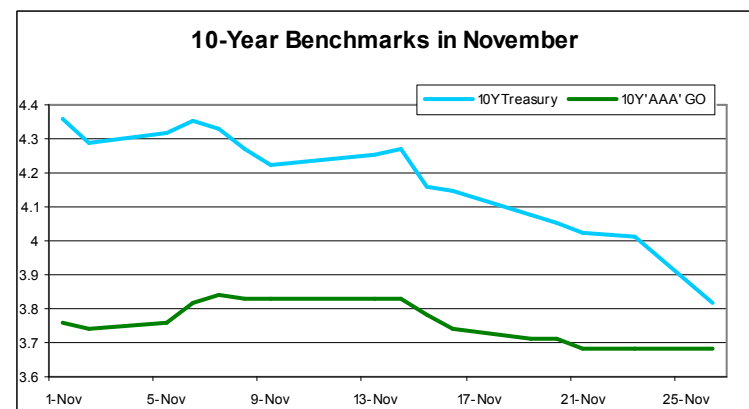
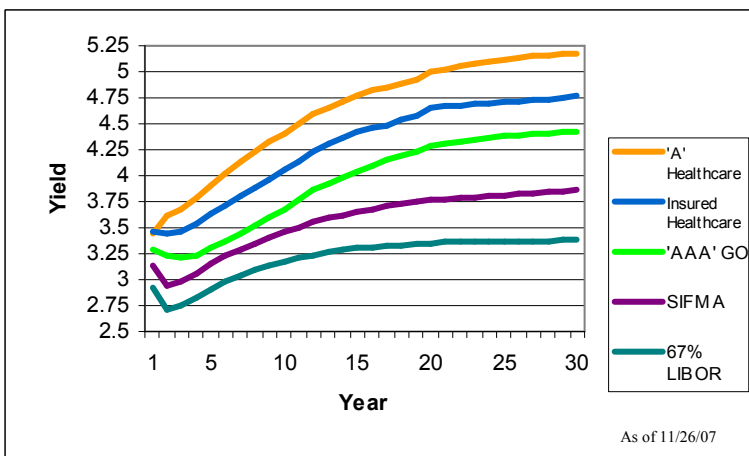
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General High Grade and Healthcare Yield Curves

	AAA GO	Insured Healthcare	A Healthcare	SWAPS	
				SIFMA	67% of LIBOR
2 Yr	3.24	3.45	3.61	2.94	2.71
5 Yr	3.30	3.63	3.90	3.15	2.91
10 Yr	3.68	4.05	4.41	3.46	3.18
20 Yr	4.28	4.65	5.00	3.77	3.36
30 Yr	4.43	4.76	5.18	3.86	3.38



Healthcare Market News

The markets saw no break in volatility during the short holiday week, last week. The Dow slid 1.65% on Monday, and another 1.61% on Wednesday, but ended the week down only 1.49%. The **10-year treasury** dropped below 4.00% briefly last week, and is **yielding 3.820% late today** in intra-day trading. This is the first time the yield on the benchmark 10-year treasury has been below 4% in over two years, signaling yet another flight to quality.

Fueling the flight to quality are Fed projections that the **U.S. economy will grow only 1.8% - 2.5% next year**, as well as news of \$15Bn of additional predicted write-downs by Citigroup, the nation's largest bank, related to sub-prime mortgage losses. Inflation worries are also heightening as oil traded above \$98 a barrel last week. Other negative news included the University of Michigan's Consumer Sentiment indicator, which came in at 76.1 last Wednesday, its lowest point since the months after hurricane Katrina.

Rates in the municipal market have dropped, but not nearly to the extent of the treasury. Illustrated in the graph (bottom left), **the 10-year treasury has dropped 55 basis points since the beginning of the month**, while the 10-year AAA GO muni has fallen only 8 basis points in the same time period.

On the new issuance calendar for **healthcare**, there is heavy volume this week with **\$1.1Bn in visible supply**. Highlighting the calendar is 1) \$370MM New York Mental Health Services Facility, 2) \$205MM Virginia Mason Medical Center, Washington, 3) \$150MM Lodi Memorial Hospital, California, and 4) \$121MM Good Samaritan Hospital, California.

The general market calendar for the week is moderate with \$5.5Bn in visible supply. The biggest deals include 1) \$1Bn State of California Various Purpose GOs, 2) \$354MM Massachusetts Water Pollution Abatement Trust, and 3) \$250MM Louisiana Environmental Authority Westlake Chemical Corporate Projects.

In relation to the effects of the sub-prime mortgage crisis on the markets, Brian McGough of Fifth Third said in an interview with the MuniMarket Pulse podcast, "A shoe keeps dropping pretty much every day as far as negative news." McGough's full interview, in which he speaks on bond insurer woes and the 'stifling' of the current market, can be heard at <http://podcast.derivactiv.com>.

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MuniMarket Pulse Podcast: Listen to Brian McGough of Fifth Third talk about insurer woes and the 'stifling' of the current market. Go to www.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
19-Nov	28.2	Washington Health Care Facilities	VA Mason Medical	WA	Rev	Aaa/AAA/---	08-27	Morgan Keegan	N
19-Nov	85.0	Washington Health Care Facilities	VA Mason Medical	WA	Rev	Aa3/AA/---	28,36,42	Morgan Keegan	N
12-Nov	94.2	New York Dormitory Authority	NYU Hospital Center	NY	Rev	Ba2/BB/BBB-	24,37	Citigroup	N
12-Nov	28.2	Palm Beach County Health Facilities	Waterford Project	FL	Rev	---/BBB/---	08-11,17,37	Ziegler Capital	N
6-Nov	51.6	Lehigh County	Good Shepard Group	PA	Rev	---/AAA/AAA	09-27,30-37	Merril Lynch	C
5-Nov	95.0	Jacksonville Health Facilities	Brooks Health System	FL	Rev	---/A/A	11-17,22,38	Merril Lynch	N

Issue Details & Spread Analysis

Lehigh County, PA	Maturity	Yield	+/- "AAA" GO
Good Shepard Group	2009	3.550	0.25
---/AAA/AAA	2010	3.600	0.29
(---/A/A)	2011	3.700	0.33
Enhanced: Assured Gty	2012	3.800	0.37
Pricing Date: 11/06/07	2013	3.910	0.42
\$51.645MM Competitive	2014	4.020	0.46
	2015	4.100	0.46
	2016	4.180	0.45
	2017	4.260	0.44
	2018	4.430	0.52
	2037	5.060	0.57

*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
26-Nov	370.0	New York State Dormitory Authority	Mental Health Svcs Fac	NY	Rev	---/---/---		Bear Stearns	N
26-Nov	90.0	Puerto Rico Industrial Tourist	Hospital Auxilio Mutuo	PR	Rev	---/---/---		JP Morgan	N
26-Nov	52.8	California Statewide Community Dev	Los Angeles Orthopaedic Hos	CA	Rev	---/---/---	08-30	JP Morgan	N
26-Nov	100.0	Washington Health Care Facilities	Virginia Mason Medical Ctr	WA	Rev	Baa2/BBB/---	42	Morgan Keegan	N
26-Nov	105.0	Washington Health Care Facilities	Virginia Mason Medical Ctr	WA	Rev	Baa2/BBB/---		Morgan Keegan	N
26-Nov	121.0	California Statewide Community Dev	Good Samaritan Hospital	CA	Rev	B1/BB/---		Shattuck Hammond	N
26-Nov	76.0	California Statewide Community Dev		CA	Rev	Baa1/---/---		Banc of America	N
26-Nov	150.0	California Statewide Community Dev	Lodi Memorial Hospital	CA	Rev	---/---/AA+	10-17,22,37	UBS Securities	N
3-Dec	102.8	Joint Guadalupe Cnty-City	Guadalupe Regional Med Cen	TX	Rev	---/---/---		Goldman Sachs	N
3-Dec	25.9	Nacogdoches Health Facilities	Timber Springs	TX	Rev	---/---/---	14	Oppenheimer	N
3-Dec	35.9	Nacogdoches Health Facilities	Timber Springs	TX	Rev	---/---/---	15-17,24,42	Oppenheimer	N
3-Dec	100.0	New Jersey Health Care Fac Fin Auth	St. Peters University Hospital	NJ	Rev	---/---/---			C

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