



Leaders in Healthcare Finance

Tax-Exempt Debt & Derivative Advisors

Market Update: Non-Profit Healthcare

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Talk to one of our Debt and Derivative Advisors:

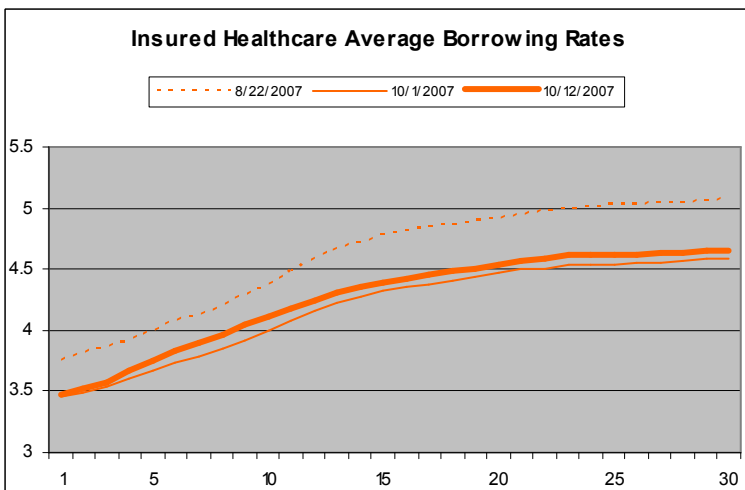
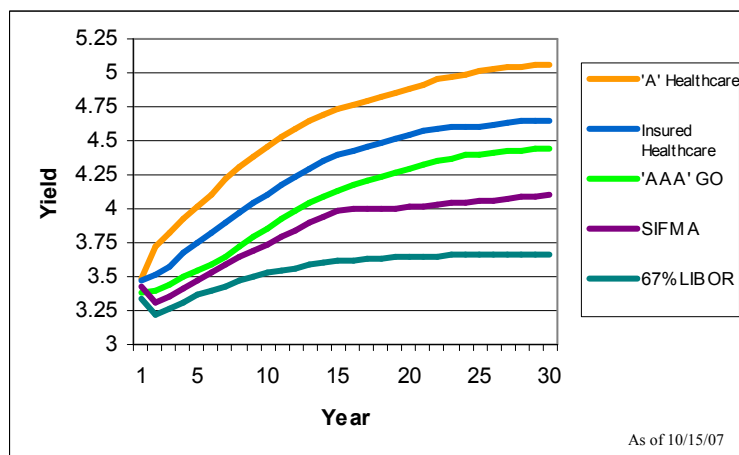
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General High Grade and Healthcare Yield Curve

	AAA GO	Insured Healthcare	A Healthcare	SWAPS	
				SIFMA	67% of LIBOR
2 Yr	3.39	3.52	3.72	3.32	3.25
5 Yr	3.54	3.75	4.01	3.47	3.38
10 Yr	3.86	4.11	4.46	3.74	3.55
20 Yr	4.29	4.53	4.87	4.01	3.68
30 Yr	4.44	4.65	5.06	4.10	3.69



Healthcare Market News

Last week **Treasuries** posted a second week of **front-end losses** and the curve flattened, as financial markets continued healing and incoming economic data indicated both stronger growth in the third quarter and potential upside, or at least reduced downside risk, going into Q4. Muni-bond / LIBOR Ratios continued to decrease throughout the week, extending the grind lower since the trend began the last week of August, causing muni-bonds to outperform Treasuries, relatively speaking. Ratios across the curve were down approximately 3/16th on the week. New muni-bond deals appear to be gobbled by investors without any signs of fullness. The market will be seeing approximately **\$6.4Bn this week**.

The focus of the week will be on Tue./Wed. when the **\$2.5Bn State of California G.O.** new issue sells. The deal is divided between \$1.5Bn of new money bonds (08-10, 21-17, 32, 37) and 1Bn of refunding bonds (08-26). **Also, Tennergy's Prepay Gas at \$2.5Bn** and \$970MM MI State Building Authority might make a surprise appearance and add \$3.5Bn to the week's supply, wedging in before next week, which is scheduled to deliver a \$5.5Bn tobacco deal.

Last week we saw more than \$1Bn in healthcare issuance. Highlights included a \$283.9MM issue by East Texas Health Medical Center, and \$250MM in a California Taxable Stem Cell Research issue.

This week, healthcare-wise, on Wednesday we'll see 1) \$94MM Valley Baptist Medical, 2) Covenant Health Systems issue (\$23MM through MA HEFA and \$56MM through NH HEFA), and 3) Ridgecrest Regional Hosp, CA with FHA credit enhancement, and day-to-day we have \$101MM Catholic Health, NY.

The SIFMA Index reset 1 bp lower in yield for 3.55% as demand from money market funds remains strong in the short-term variable rate market, even though there was an increase in supply of \$3Bn of Synthetic TOB floaters.

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New Issue Summary

Recent Healthcare Transactions

Issues over \$20MM

Week of Sale	Issuing Authority	Borrower	ST	\$MM	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
8-Oct	Hialeah Gardens Health	Catholic Health Services	FL	48.6	Rev	AA2//	24,31,37	Merrill Lynch	N
8-Oct	Illinois Finance Authority	Sherman Health System	IL	170.0	Rev	Baa1/A-	37	Morgan Stanley	N
1-Oct	Colorado Health Facilities Authority	Valley View Hospital	CO	45.0	Rev	/BBB/	27,37,42	UBS	N
1-Oct	California (Taxable)	Stem Cell Research	CA	250.0	Rev	A1/A1/A+	37	Morgan Stanley	N
1-Oct	Saint Paul Housing & Redev Auth	Allina Health System	MN	131.4	Rev	AAA/AAA/AAA	08-22	UBS	N
1-Oct	Tyler Health Facilities Development	East Texas Health Med Center	TX	283.9	Rev	Baa3//BBB-	08-23,27,37	Merrill Lynch	N

Highlighted AAA Healthcare Issue Details & Spread Analysis

Allina Health System AAA/AAA/AAA (A2/A/A) MBIA Insured Pricing Date: 10/1/07 \$131.975M Negotiated	Maturity	Yield	+/- "AAA" MMD
	2008	3.48	+0.10
	2010	3.50	+0.09
	2011	3.62	+0.17
	2012	3.68	+0.20
	2013	3.74	+0.23
	2014	3.81	+0.25
	2015	3.87	+0.25
	2016	3.94	+0.25
	2017	4.01	+0.25
	2018	4.12	+0.27
	2019	4.20	+0.27
	2020	4.26	+0.27
	2021	4.30	+0.26
	2022	4.34	+0.26

*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	Issuing Authority	Borrower	ST	\$MM	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
15-Oct	North Carolina Medical Care		NC	62.5	Rev	///		Ziegler	N
15-Oct	Ulster County Ind Dev Auth		NY	55.1	Rev	///		Ziegler	N
15-Oct	Massachusetts Development Finance	Health Authority	MA	32.8	Rev	///	15	Ziegler	N
15-Oct	Louisiana Public Facilities Authority	Ochner County Hospital	LA	37.8	Rev	A3/A-	15	Citigroup	N
15-Oct	Colorado Health Facilities - Refunding	Parkview Medical Center	CO	31.3	Rev	A3//	09-18, 2	A.G. Edwards	N
15-Oct	Colorado Health Facilities Authority	Parkview Medical Center	CO	38.4	Rev	A3//	37	A.G. Edwards	N
15-Oct	California Statewide Community	Ridgecrest Regional Hosp	CA	72.8	Rev	AAA/AAA		Banc of Amer	N
15-Oct	Brownsville Health Fac Auth	Valley Baptist Medical	TX	94.0	Rev	///		Merrill Lynch	N
15-Oct	Louisiana Public Facilities Authority	Lake Charles Memorial	LA	79.7	Rev	///	22,27,34	Morgan Keegan	N
17-Oct	New Hampshire Educational Fac Auth	Covenant Health System	NH	56.4	Rev	/A/A	08-37		C
17-Oct	Massachusetts Health & Ed Fac Auth	Covenant Health System	MA	23.2	Rev	/A/A	08-37		C

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