



## Debt & Derivative Advisors

### Leaders in Healthcare Finance

# Market Update: Healthcare

[www.soundcapital.com](http://www.soundcapital.com)

April 7th, 2008

#### Talk to one of our Debt and Derivative Advisors:

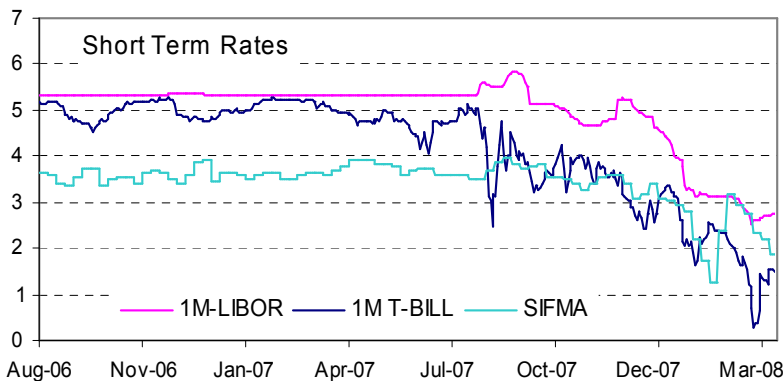
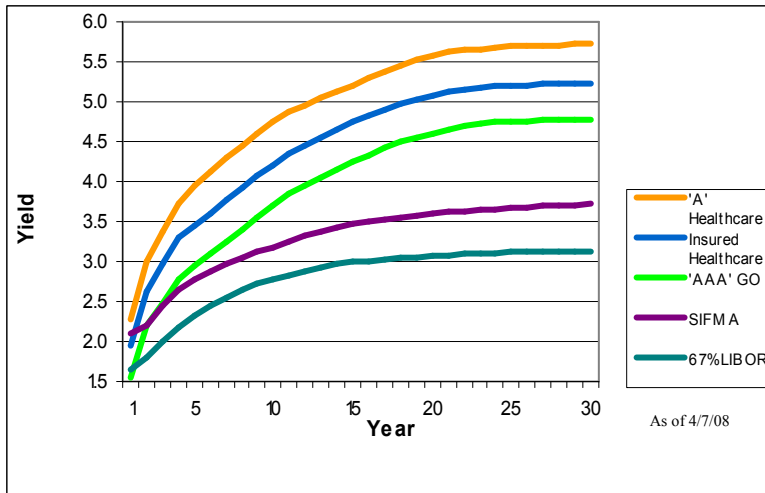
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#### General High Grade and Healthcare Yield Curves

	AAA GO	Insured Healthcare	A Healthcare	SWAPS	
				SIFMA	67% of LIBOR
2 Yr	2.21	2.62	2.99	2.21	1.79
5 Yr	2.94	3.45	3.94	2.76	2.33
10 Yr	3.70	4.21	4.74	3.18	2.78
20 Yr	4.61	5.08	5.58	3.61	3.08
30 Yr	4.78	5.23	5.72	3.72	3.14



#### Healthcare Market News

The Dow ended last week up 3.2%. That entire gain happened on Tuesday when the index climbed 391 points on stronger than expected manufacturing and construction reports and signals that the credit crisis may soon be over.

In Federal Reserve Chairman Ben Bernanke's Congressional testimony Wednesday, he finally conceded what most economists already predicted: **the US economy, "could even contract slightly" during the first half of 2008.** Further indicative of a slipping economy, last Friday, non-farm payrolls came in weaker than expected with 80,000 jobs lost from the previous month. Also, **March's unemployment rate came in at 5.1%, a 0.3% increase from February** and above economists' expectations of 5.0%.

The benchmark 10-year Treasury yield jumped to 3.59% on Thursday, but ended the week up only 1 basis point at 3.48% after the economic data. In municipal space on the week, the AAA GO curve dropped 3 to 11 basis points in the intermediate term, and 13 to 15 basis points on the long end. **Fitch downgraded MBIA to AA from AAA on Friday.** MBIA had requested that Fitch remove its insurer financial strength rating in early March.

The municipal auction rate market continued to see about **70% of all auctions fail in the past couple of weeks.** Issuers are now taking advantage of the opportunity to lower their interest rate resets and have disclosed that they intend to bid on their own ARS after the SEC clarified the legality of the practice in its March 14 statement.

On the new issuance calendar for healthcare, there is a moderate \$420MM. Highlights include 1) \$215MM Poudre Valley Health Care, CO, 2) \$120MM Ministry Healthcare, WI, and 3) \$84.7MM Sister of St. Francis Health, IN.

On the general municipal calendar there is a moderate \$6.5Bn scheduled this week. Highlights include 1) \$1.75Bn California GO, 2) \$312.7MM New Jersey COPs, 3) \$293.9MM District of Columbia Water and Sewer, and 4) \$250MM Yale University.

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**MuniMarket Pulse podcast** - Guy LeBas of Janney Says Auction Rate Failures Dependant on Max Rates; Predicts Recession  
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
31-Mar	86.1	Illinois Finance Authority	Edward Hospital	IL	Rev	Aaa/AAA/---	21-26, 28, 33, 40	Citigroup	N
31-Mar	28.0	Wisconsin Health & Ed	Riverview Hospital	WI	Rev	---/A/---	09-20, 23, 28, 33, 38	Piper Jaffray	N
24-Mar	85.8	Illinois Finance Authority	Alexian Brothers	IL	Rev	Aaa/---/AAA	09, 13, 20, 22, 28	Merrill Lynch	N
24-Mar	85.9	Illinois Finance Authority	Alexian Brothers	IL	Rev	Aaa/---/AAA	09, 13, 20, 22, 28	Merrill Lynch	N
24-Mar	227.3	Kent Hospital Finance Auth	Spectrum Health Sys	MI	Rev	Aa3/AA/---	47	Citigroup	N
24-Mar	249.2	New Jersey Health Care Fac	Hackensack Univ Med Ctr	NJ	Rev	A3/---/A-	09-18,20, 27, 31, 36, 41	Merrill Lynch	N
24-Mar	136.5	Doylestown Hospital Auth		PA	Rev	Aaa/AAA/---	08-22	PNC Capital	N

### Highlighted Unenhanced Healthcare

#### Issue Details & Spread Analysis

Wisconsin Health & Ed Riverview Hospital	Maturity	Yield	+/- "AAA" GO
---/A/--- Pricing Date: 3/31/08 \$28MM Negotiated	2009	3.25	1.60
	2010	3.77	1.55
	2011	3.98	1.50
	2012	4.22	1.45
	2013	4.32	1.40
	2014	4.44	1.35
	2015	4.56	1.31
	2016	4.69	1.27
	2017	4.81	1.22
	2018	4.90	1.17
	2019	5.05	1.16
	2020	5.15	1.15
	2023	5.40	1.08
2028	5.79	1.08	
2033	5.95	1.09	
2038	5.98	1.09	

### Highlighted Enhanced Healthcare

#### Issue Details & Spread Analysis

Illinois Finance Authority Edward Hospital	Maturity	Yield	+/- "AAA" GO
AAA/AAA/--- (A2/A+/---) Ambac Pricing Date: 3/31/08 \$86.1MM Negotiated	2021	4.95	0.84
	2022	5.06	0.84
	2023	5.16	0.84
	2024	5.27	0.84
	2025	5.36	0.84
	2026	5.44	0.84
	2028	5.50	0.79
	2033	5.63	0.77
	2040	5.73	0.84

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
7-Apr	52.8	California Statewide Comm Dev	Los Angeles Orthopaedic Hosp	CA	Rev	---/---/---	08-30	JP Morgan	N
7-Apr	84.7	Indiana Health & Ed Fac	Sister of St. Francis Hlth Svcs	IN	Rev	---/---/---		Merrill Lynch	N
7-Apr	215.0	Colorado Health Fac Authority	Poudre Vly Hlth/Med Ctr of Rockies	CO	Rev	---/---/---		JP Morgan	N
7-Apr	120.0	Wisconsin Health & Ed	Ministry Healthcare	WI	Rev	---/---/---		Merrill Lynch	N
21-Apr	121.0	California Statewide Comm Dev	Good Samaritan Hospital	CA	Rev	---/---/---		Shattuck Hammond	N

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