



## Debt & Derivative Advisors

### Leaders in Healthcare Finance

# Market Update: Healthcare

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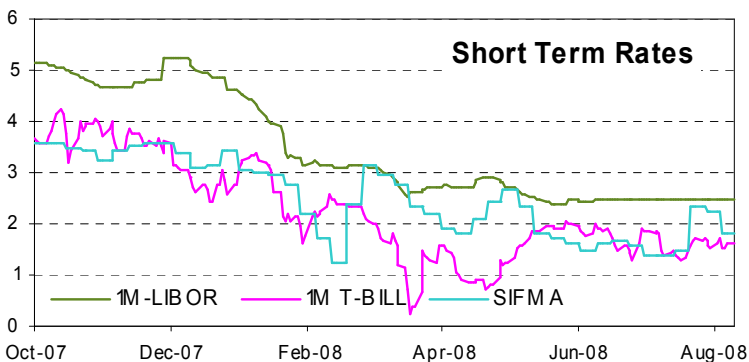
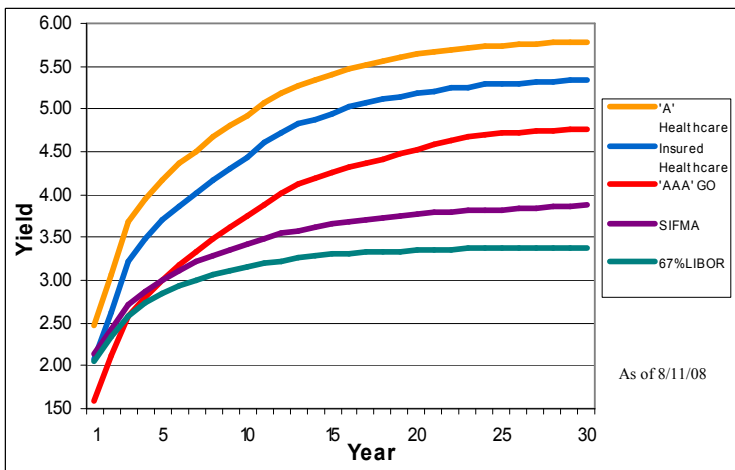
August 11th, 2008

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

Johan Rosenberg (952) 746-6030	Farah Lotia (952) 746-6171	Steve Johnson (952) 746-6035	Josh Dooley (952) 746-6056
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#### General High Grade and Healthcare Yield Curves

	AAA GO	Insured Healthcare	A Healthcare	Swaps	
				SIFMA	67% of LIBOR
2 Yr	2.11	2.62	3.06	2.44	2.33
5 Yr	3.01	3.70	4.18	3.01	2.84
10 Yr	3.74	4.43	4.93	3.43	3.16
20 Yr	4.52	5.18	5.64	3.78	3.35
30 Yr	4.77	5.34	5.79	3.87	3.38



#### Healthcare Market News

The Dow gained 3.6% last week, closing at 11734, while the S&P 500 gained 2.9% to close at 1296.32. Energy prices continued their recent plunges, and the dollar made its biggest weekly percentage gain against the euro since January 2005.

**Citigroup Global Markets Inc. agreed to buy back or otherwise help liquidate \$19.5 billion of auction-rate securities** by the end of 2009 and pay \$100 million in fines in a settlement announced last week. Federal and state regulators continue investigations into the \$330 billion ARS market and whether banks and broker-dealers misrepresented the liquidity and other risks to prospective investors.

Also last week, **ACA Financial terminated \$65 billion in credit default swaps, turning most of the company over to creditors.** The insurance unit will go into run-off mode, holding \$7.3 billion of municipal bond insurance policies.

In fixed income, Treasuries posted marginal gains, with yields ending the week down 1 to 2 basis points across the curve. AAA GO muni yields were mostly lower, with the 2-year through 20-year maturities down three to five basis points, and the 30-year up by two basis points.

On the new issuance calendar for healthcare, there is a heavy \$1.1Bn scheduled this week. Highlights include: 1) \$288MM Sisters of St. Francis Health Services, IN, 2) \$271MM New York Health and Hospitals, and 3) \$175MM Enloe Medical Center, CA.

On the general municipal calendar, there is a light \$4Bn scheduled this week. Highlights include: 1) \$395MM New York State Dorm Authority (City University), 2) \$329MM District of Columbia, and 3) \$250MM California Housing Finance Agency.

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**MuniMarket Pulse podcast - Bob MacIntosh of Eaton Vance Says Federal Government Should Stay Out of Muni Ratings**  
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
4-Aug	243.9	Harris County Ctr Edl	Methodist Hospital	TX	Rev	---/AA/---	12-18	JPMorgan Securities	N
28-Jul	99.0	California Hlth Facs Auth	Scripps Health	CA	Rev	A1/A+/A+	08-22	Citigroup	N
28-Jul	221.9	City of St. Louis Park	Park Nicollet Hlth Svcs	MN	Rev	---/A/---	09-18, 23, 26, 30	Morgan Stanley	N
28-Jul	123.5	Washington Hlth Care Auth	Highline Med Ctr	WA	Rev	---/AA/---	11-15, 18, 23, 28, 36	Banc of America	N
28-Jul	248.9	NJ Hlth Care Fac Fin Auth	St. Joseph's Health Care	NJ	Rev	Ba1/BBB-/---	15, 18, 38	Citigroup	N

#### Highlighted 'BBB' Healthcare Issue Details & Spread Analysis

City of St. Louis Park, MN Park Nicollet Health Services	Maturity	Yield	+/- "AAA" GO
Ba1/BBB-/---	2015	6.10	2.71
Pricing Date: 7/28/08	2018	6.50	2.70
\$248.9MM Negotiated	2038	7.00	2.24

#### Highlighted 'AA' Healthcare Issue Details & Spread Analysis

Washington Hlth Care Auth Highline Med Ctr	Maturity	Yield	+/- "AAA" GO
---/AA/---	2011	3.38	0.72
Pricing Date: 7/28/08	2012	3.72	0.85
\$123.5MM Negotiated	2013	3.96	0.90
	2014	4.19	0.95
	2015	4.34	0.95
	2018	4.90	1.10
	2023	5.44	1.14
	2028	5.75	1.17
	2036	5.92	1.17

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-Aug	175.1	California Statewide Cmnty	Enloe Med Center	CA	Rev	---/---/---		Merrill Lynch	N
11-Aug	72.4	Illinois Finance Authority	Kirsh Health System	IL	Rev	---/---/---		JPMorgan Securities	N
11-Aug	288.5	Indiana Finance Authority	Sisters of St. Francis Hlth Svcs	IN	Rev	Aa3/AA/---		Citigroup Global Mkts	N
11-Aug	125.7	Jacksonville Hlth Facs	Baptist Medical Center	FL	Rev	---/AAA/AAA		Banc of America	N
11-Aug	271.2	New York Hlth & Hosp		NY	Rev	A1/A+/A+		Morgan Stanley	N
11-Aug	174.0	Tarrant Co Cult Ed Fin Corp	Scott & White Mem Hosp	TX	Rev	Aa3/AA-/---		JPMorgan Securities	N

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