



Debt & Derivative Advisors

Leaders in Healthcare Finance

Market Update: Healthcare

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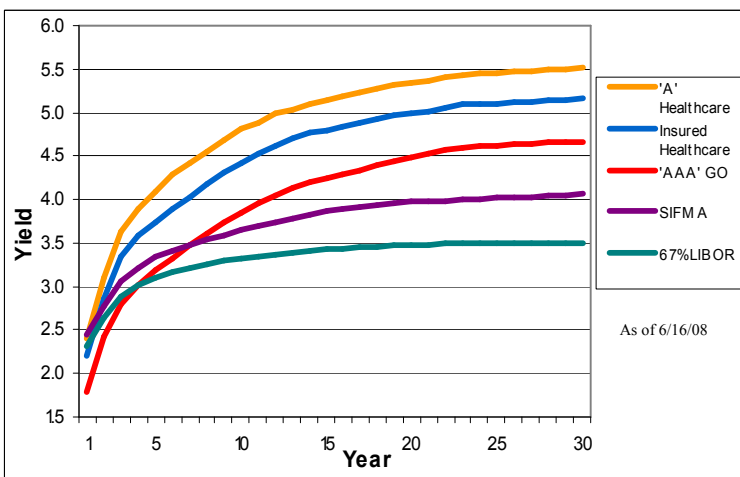
June 16th, 2008

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	2.42	2.86	3.11	2.77	2.64
5 Yr	3.18	3.75	4.10	3.34	3.11
10 Yr	3.85	4.42	4.81	3.65	3.32
20 Yr	4.49	4.99	5.34	3.97	3.48
30 Yr	4.67	5.16	5.51	4.06	3.51



Healthcare Market News

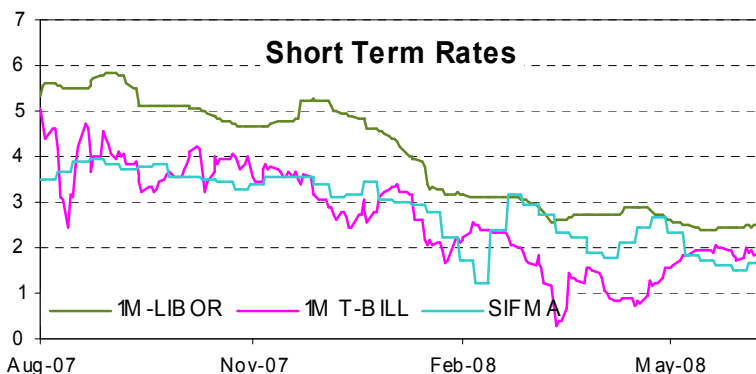
The Dow was down 0.8% last week, while the S&P 500 remained unchanged, closing at 1360 on Friday. The indexes are down 7.2% and 7.3% on the year, respectively. In economic news, retail sales were up 1.0% last month, double the expected 0.5%, likely due to the effects of the economic stimulus package. The consumer price index increased 0.6% during the month of May, and the University of Michigan **Consumer sentiment came in at 56.7, its lowest reading in nearly 3 decades.**

In light of rising inflationary pressures and the Fed expressing concern about inflation, **Fed Funds futures are now pricing in a 70% chance of a rate increase during the August 5th meeting.**

In fixed income space, there was a significant sell-off in the Treasury market. The yield on the 3-year note increased 64 basis points to 3.07%, **the benchmark 10-year increased 32 basis points to 4.26%**, and the 30-year increased 15 basis points to 4.80%. Municipal yields also increased significantly, as the **AAA GO curve rose 8 to 19 basis points in the short term** and 16 to 17 basis points on the long end.

On the new issue calendar for healthcare, there is a light \$398MM scheduled this week. Highlights include \$146.7MM John Hopkins Health System, 2) \$101MM Children's Hospital, WI, and 3) \$80MM PeaceHealth, WA.

On the general municipal calendar, there is a **moderate-to-heavy \$7.9Bn of new issue volume this week.** Highlights include 1) \$800MM Puerto Rico Electric Power, 2) \$622MM New York State Dormitory Authority, and 3) \$441.4MM New York State Urban Development.



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MuniMarket Pulse podcast - Dick Larkin of Herbert J. Sims Fears That Downgrade Slide May Become "Self-Fulfilling Prophecy"
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-Jun	86.7	Illinois Finance Authority	Silver Cross Hosp and Med Ctrs	IL	Rev	---/A/A	18, 23, 30	Lehman Brothers	N
9-Jun	23.2	Iron River Hosp Fin Auth		FL	Rev	Not Available	20, 33, 40	Raymond James	N
9-Jun	23.1	Iron River Hosp Fin Auth		MI	Rev	Not Available	20, 33, 40	Raymond James	N
9-Jun	245.2	Mass Health & Ed	Boston Med Ctr	MA	Rev	A3/A/---	12-18, 23, 28, 31, 38	Morgan Stanley	N
2-Jun	23.8	Adams County Hosp #1		NE	Rev	---/AA/---	10-18, 23, 28, 33	Ameritas Investment	N
2-Jun	250.0	Allegheny County Hosp Dev	Univ of Pittsburgh Med Ctr	PA	Rev	Aa3/AA-/AA-	09-18	RBC Capital Markets	N
2-Jun	100.0	Boone County Hosp Rev	Boone Hosp Ctr	MO	Rev	A3/---/A	09-21, 28-29, 38	Stern Brothers	N
2-Jun	310.5	Charlotte-Mecklenburg Hosp Auth		NC	Rev	Aa3/AA-/---	10-15, 17-28, 32, 39	Citigroup	N
2-Jun	83.9	Hillsborough County IDA	Univ Community Hosp	FL	Rev	Baa3/BBB/---	09-14, 17-23, 29	Raymond James	N
2-Jun	175.0	Northampton Co Gen Auth	St. Luke's Hosp	PA	Rev	Baa1/BBB+/---	19-24, 28, 35, 40	Merrill Lynch	N

Highlighted Unenhanced Healthcare Issue Details & Spread Analysis

Boone County Hosp Rev Boone Hosp Center	Maturity	Yield	+/- "AAA" GO
A3/---/A	2009	2.80	1.03
Pricing Date: 6/2/08	2010	3.00	0.74
\$100.0MM Negotiated	2011	3.55	0.93
	2012	3.75	0.90
	2013	3.90	0.92
	2014	4.00	0.88
	2015	4.15	0.89
	2016	4.30	0.91
	2017	4.45	0.93
	2018	4.55	0.91
	2019	4.70	0.94
	2020	4.80	0.94
	2021	NA	NA
	2028	5.25	0.93
	2029	NA	NA
	2038	5.43	0.92

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
16-Jun	70.0	New York State Dorm Auth		NY	Rev	---/---/---	09-19	Morgan Stanley	N
16-Jun	146.7	Maryland Health & Higher Ed Fac Auth	Johns Hopkins Health System	MD	Rev	A1/A+/AA-		Goldman Sachs	N
16-Jun	101.0	Wisconsin Health & Ed Fac Auth	Children's Hospital	WI	Rev	Aa3/AA-/---	17-21, 28, 37	Goldman Sachs	N
16-Jun	80.0	Washington Health Fac Auth	PeaceHealth	WA	Rev	---/---/---	18	Goldman Sachs	N

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