



Debt & Derivative Advisors

Leaders in Healthcare Finance

Market Update: Healthcare

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May 5th, 2008

Talk to one of our Debt and Derivative Advisors:

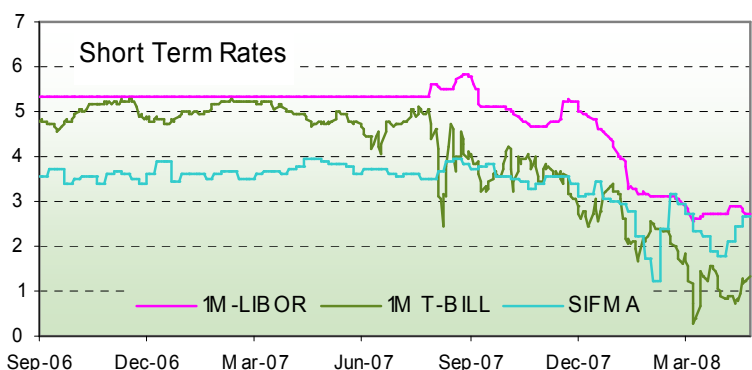
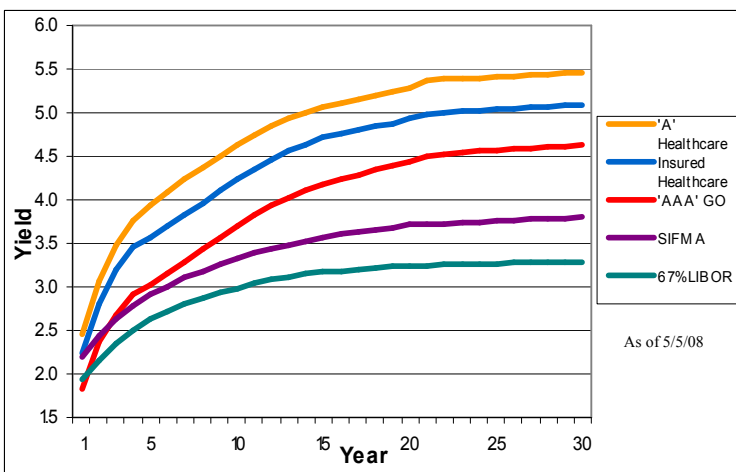
Johan Rosenberg (952) 746-6030
John Trefethen (952) 746-6040

Farah Lotia (952) 746-6171
Cynthia Heneage (952) 746-6045

Steve Johnson (952) 746-6035
Erik Kelly (952) 746-6055

General High Grade and Healthcare Yield Curves

	AAA GO	Insured Healthcare	A Healthcare	SWAPS	
				SIFMA	67% of LIBOR
2 Yr	2.38	2.81	3.06	2.43	2.15
5 Yr	3.03	3.57	3.94	2.90	2.62
10 Yr	3.70	4.23	4.64	3.33	2.99
20 Yr	4.44	4.93	5.29	3.71	3.24
30 Yr	4.62	5.09	5.46	3.80	3.28



Healthcare Market News

The Dow ended the week up 1.3% on better than expected employment data and solid first quarter GDP numbers. The index of the nation's 30 largest companies **closed above 13,000 last Thursday for the first time since Jan 3**. The Fed **cut the target federal funds rate by 25 basis to 2.0% from 2.25%** on Wednesday, matching the market's expectations. In their accompanying statement, the FOMC stated, "economic activity remains weak," and that "uncertainty about the inflation outlook remains high." The committee also indicated that they may be finished cutting their key interest rate.

Treasuries were volatile but ended the week only slightly lower in yield, losing 1 to 3 basis points across the curve. The benchmark 10-year Treasury lost 2 basis points to close at 3.85% on Friday. **The AAA GO yield curve flattened significantly**, gaining 0 to 6 basis points on the front end and losing 4 to 5 basis points on the long end.

On the new issuance calendar for **healthcare there is a heavy \$1.35Bn scheduled this week**. Highlights include 1) \$337MM Multicare Health System, WA, 2) \$213MM Fletcher Allen Health Care, VT, 3) \$202MM Methodist Hospital, NE, and 4) \$142MM Medstar Health, DC.

On the general municipal calendar, there is a moderate \$6.6Bn in new issuance scheduled. Highlights include 1) \$482MM New York City Municipal Water Finance, 2) \$426MM North Carolina Municipal Power, and 3) \$382MM Michigan Water Supply System.

Advertisement

MuniMarket Pulse podcast - Tom Enright, Underwriter, Says Auction Rate Conversions are at "Incredibly Attractive Levels" for Investors
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
28-Apr	90.0	California Statewide Comm Dev	Catholic Health West	CA	Rev	AAA/AAA/AAA	41	Citigroup	N
28-Apr	80.0	California Statewide Comm Dev	Catholic Health West	CA	Rev	A2/A/A+	30	Citigroup	N
28-Apr	50.2	Deschutes County Hosp Fac	Cascade Healthcare	OR	Rev	AAA/AAA/---	09-18, 35	Morgan Stanley	N
28-Apr	22.7	Hopkins County Hosp Dist		TX	Rev	Baa3/BBB-/---	15-18, 23, 28, 33, 38	Morgan Keegan	N
28-Apr	168.0	Illinois Finance Auth	Children's Memorial	IL	Rev	---/A-/AA-	15-23, 28, 39	Goldman Sachs	N
28-Apr	212.0	Illinois Finance Auth	Children's Memorial	IL	Rev	---/AAA/AAA	33, 41, 47	Goldman Sachs	N
28-Apr	48.4	Orange Co Health Fac	Orlando Reg Healthcare	FL	Rev	AAA/AAA/AAA	08-18, 23, 35	Morgan Stanley	N
28-Apr	106.3	Orange Co Health Fac	Orlando Reg Healthcare	FL	Rev	AAA/AAA/AAA	29, 32	Morgan Stanley	N
21-Apr	227.2	Arizona Hlth Fac Auth	Banner Health	AZ	Rev	---/AA-/AA-	09-35	Merrill Lynch	N
21-Apr	86.8	California Hlth Fac Auth	Sutter Health	CA	Rev	AAA/AAA/AAA	08-14, 38	Morgan Stanley	N
21-Apr	321.3	California Hlth Fac Auth	Sutter Health	CA	Rev	Aa3/AA-/---	08-18, 22, 30, 38	Morgan Stanley	N
21-Apr	200.0	Colorado Health Fac	Catholic Health	CO	Rev	Aa2/AA/AA	36, 41	JPMorgan	N
21-Apr	45.0	Franklin County Hosp Imp	Nationwide Children Hospital	OH	Rev	Aa2/---/---	13-23, 28, 33, 40	Natcity Investments	N
21-Apr	50.0	Montgomery County	Catholic Health	OH	Rev	Aa2/AA/AA	41	JPMorgan	N
21-Apr	177.1	New Jersey Health Care	AHS Hospital Corp	NJ	Rev	A1/A+/---	09-23, 27	Goldman Sachs	N
21-Apr	261.3	New York State Dorm Auth	Orange Regional Med	NY	Rev	Ba1/---/BB+	11-16, 21, 29, 37	Merrill Lynch	N

Highlighted Unenhanced Healthcare Issue Details & Spread Analysis

California Health Fac Sutter Health	Maturity	Yield	+/- "AAA" GO
Aa3/AA-/--- Pricing Date: 4/21/08 \$321MM Negotiated	2008	NRO	NA
	2009	2.68	1.08
	2010	2.98	0.76
	2011	3.26	0.74
	2012	3.49	0.74
	2013	3.63	0.73
	2014	3.77	0.73
	2015	3.92	0.73
	2016	4.07	0.73
	2017	4.20	0.72
	2018	4.32	0.72
	2022	4.71	0.67
2030	5.10	0.61	
2038	5.21	0.62	

Highlighted Enhanced Healthcare Issue Details & Spread Analysis

Orange Co Health Fac Orlando Reg Healthcare	Maturity	Yield	+/- "AAA" GO
Aaa/AAA/AAA (A2/A/A) FSA Pricing Date:4/28/08 \$48MM Negotiated	2008	2.27	0.50
	2009	2.50	0.73
	2010	2.92	0.57
	2011	3.20	0.55
	2012	3.43	0.55
	2013	3.54	0.53
	2014	3.67	0.52
	2015	3.81	0.52
	2016	3.95	0.52
	2017	4.08	0.51
2018	4.21	0.51	
2023	4.77	0.57	
2035	5.08	0.45	

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
5-May	57.5	California Statewide Comm Dev	Adventist Health	CA	Rev	---/---/---		Goldman Sachs	N
5-May	51.1	Colorado Health Fac Auth	Valley View Hosp	CO	Rev	---/---/---		UBS Securities	N
5-May	112.6	Illinois Fin Auth	Elmhurst Mem Health	IL	Rev	---/---/---		Citigroup	N
5-May	27.7	Illinois Fin Auth	Delnor Comm Hosp	IL	Rev	AAA/AAA/---	09-24	Morgan Stanley	N
5-May	53.0	Lucas County Hosp Rev	Promedica	OH	Rev	Aa3/AA-/---		UBS Securities	N
5-May	62.0	Mass Health & Ed	Quincy Med Center	MA	Rev	---/---/---		Oppenheimer	N
5-May	109.3	Mass Health & Ed	Dana-Farber Cancer Inst	MA	Rev	---/---/---		Goldman Sachs	N
5-May	142.0	Medstar Health		DC	Rev	---/---/---		Citigroup	N
5-May	100.0	Missouri Health Ed Auth	SSM Health Care	MO	Rev	---/AA-/AA-		Citigroup	N
5-May	201.8	Nebraska Health Fac Syst	Methodist	NE	Rev	---/---/---		Citigroup	N
5-May	92.3	Rhode Island Health & Ed		RI	Rev	---/---/---		Merrill Lynch	N
5-May	213.0	Vermont Health	Fletcher Allen	VT	Rev	---/---/---		Citigroup	N
5-May	337.0	Wash Health Care Fac Auth	Multicare Health Sys	WA	Rev	---/---/---		Merrill Lynch	N
12-May	90.8	Wash Health Care Fac Auth	Children's Hospital	WA	Rev	Aa3/---/---		Goldman Sachs	N

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