



## Debt & Derivative Advisors

### Leaders in Healthcare Finance

# Market Update: Healthcare

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

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#### 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	2.51	3.08	3.54	2.16	1.89
5 Yr	3.32	4.12	4.60	2.75	2.38
10 Yr	4.22	5.04	5.48	3.28	2.74
20 Yr	5.10	5.74	6.24	3.55	2.86
30 Yr	5.18	5.87	6.37	3.61	2.86

#### Healthcare Market News

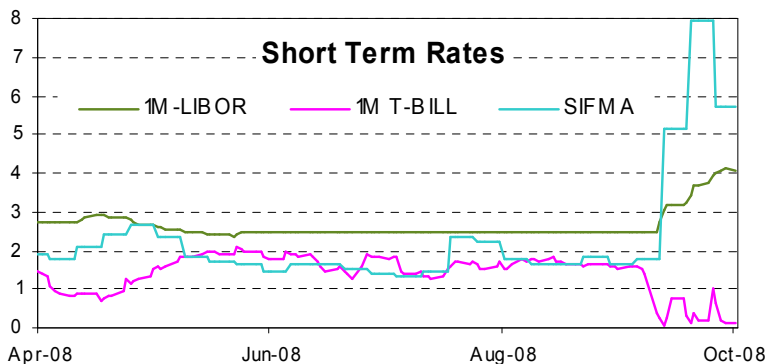
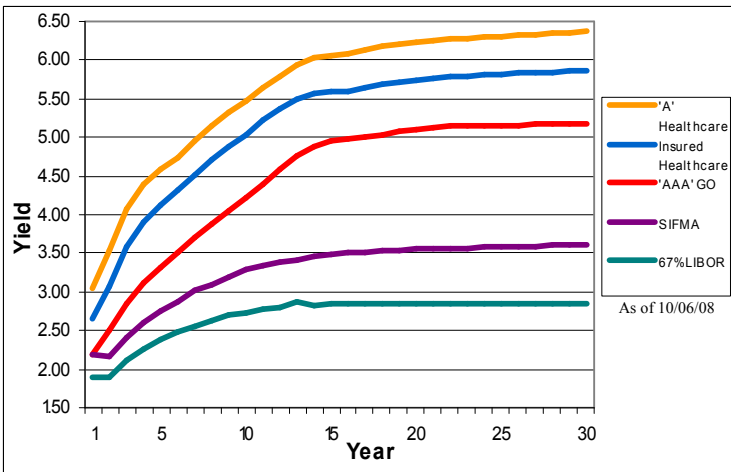
The Dow dropped 7.3% and the S&P 500 tumbled 9.4% on the week, closing at 10325.38 and 1099.23, respectively, as turbulence in the financial sector continued to roil the markets. Terrible economic data, with the worst job losses in five years, had little impact as the focus remained on Capitol Hill.

On Monday, the Dow plunged 777 points to close at 10365.45 after Congress failed to pass a first attempt at legislation to bail out distressed financial institutions. A revised proposal finally cleared both the Senate and the House on Friday and was signed into law, but markets continued to fall. Also last week, Citigroup announced plans to buy Wachovia's banking business with assistance from the FDIC. Later in the week, Wells Fargo agreed to acquire Wachovia entirely, without government support. Both banks agreed Monday to suspend legal action while talks continue to determine the outcome.

In fixed income, Treasuries fell sharply across the curve in a huge flight to safety move. The curve steepened as the 2-year plunged 43 basis points, the 5-year fell 34 basis points, and the 10-year and 30-year lost 18 and 24 basis points, respectively. The AAA GO muni yield curve flattened somewhat, with the 2-year up by 6 basis points, the middle of the curve gained 11 to 12 basis points, and the 30-year gained 2 basis points.

#### TIP: Variable Rate Demand Obligations

When your VRDOs become bank bonds, the trustee needs to obtain a new CUSIP number so DTC can recognize the new rate. Given the number of remarketing failures recently, there may be delays in obtaining new CUSIPs. If this occurs, you may be billed for debt service at the old rate instead of the bank rate. Until this is resolved, we recommend working closely with the trustee to be sure you are paying no less than the actual amount due, so you cannot be called later on an inadvertent technical default.



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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
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**Due to extreme market disruptions over the past several weeks, most new municipal issues have been postponed or listed as day-to-day.**

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
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