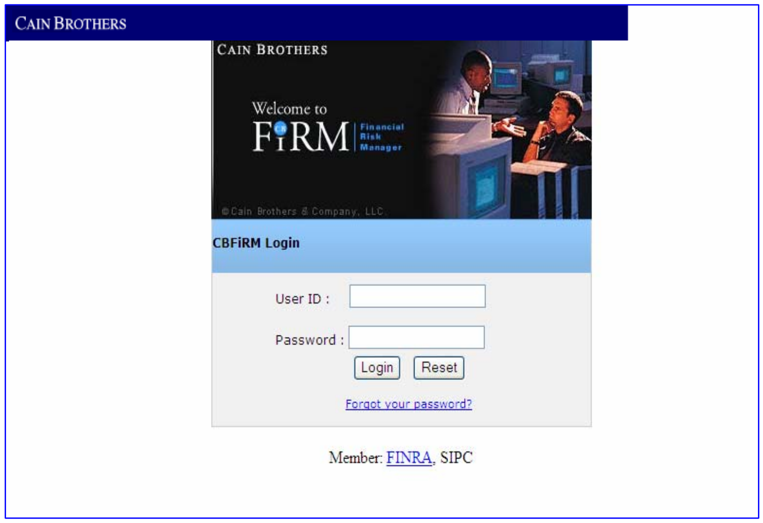
FiRM Financial Risk Manager

## Log On To the Finest Liability Management Solution Available to Health Care Institutions!




**Secure Access Anytime, Anywhere**

Accessible over the Internet as a 24x7 online service, CBFiRM delivers a secure, ready-to-use Derivative/Debt Manager and Audit Support service that is available anytime, anywhere. An Internet web browser and an Online Account are all you need to access CBFiRM.

**View All of your Liability Information In One Place**

Maintain a centralized system of debt and derivative positions. Observe market activities to identify trade opportunities.

**Archive Work for Future Use**

Download and print comprehensive reports that can be saved and archived for future reference. Store calculated results in a secure database and make reports available to others. Preserve all supporting and assumption data documents so the details are always there when you need them.

**Data Storage and Updates**

Cain Brothers will routinely input new trades and positions, update reset data and add hypothetical positions as desired.

**Free to Cain Brothers' Clients!**

### When you login to CBFiRM, you will have access to the following services:

- **Derivative Manager** – view derivative positions, verify counterparty cash flow calculations, monitor daily values, obtain collateral posting requirements.
- **Debt Manager** – view debt positions, verify trustee debt service calculations, monitor debt values, amortize and accrue issuance costs and fees.
- **FAS 133 Manager** - download all auditor required effectiveness and ineffectiveness calculations (includes phone support from FAS133 expert).
- **Reports** – create accrual reports and debt service reports for all positions. Run counterparty exposure reports, market value sensitivity and cash flow sensitivity reports. Track historical benchmark market data. Create email distribution lists to auto-generate periodic management level reports.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# Derivatives Manager Overview

## View derivative positions, cash flows and values

**1** View summary table of all derivative positions, remaining average life calculations and daily market valuations.

**2** View detailed cash settlement reports to verify payments due. Each cash flow report is tagged with Cain Brothers' independent behind-the-scenes verification status.

**3** Monitor Collateral Requirements to determine when to request collateral from counterparty and verify collateral due to counterparty.

**4** Book independent 3rd party, monthly valuations of all derivative positions.

Home | Derivatives Manager | Debt Manager | FAS 133 Manager | Reports | Market Data | Admin

Interest Rate Derivatives | Collateral Manager | Fee Manager

Interest Rate Derivatives

New | Print | Export

Portfolios: Master Derivative

**1**

| Swap Name | Notional Amount | Trade Date | Effective Date | Maturity Date | Avg Life | Swap Rate | Market Rate | Market Value | Value Date |
|---|---|---|---|---|---|---|---|---|---|
| Fixed Pay LIBOR Swap | 4,550,000 | 1/23/03 | 3/1/07 | 11/15/16 | 7.67 | 3.825% | 2.69% | -342,054 | 8/31/08 |
| Fixed Pay LIBOR Swap ('07) | 390,860,000 | 12/7/07 | 12/7/07 | 12/31/12 | 3.95 | 2.00% | 2.52% | 7,414,033 | 8/31/08 |
| Fixed Pay LIBOR Swap ('99) | 144,245,000 | 12/6/07 | 12/6/07 | 12/31/10 | 2.16 | 2.704% | 2.18% | -1,564,610 | 8/31/08 |
| Fixed Pay SIFMA Swap ('00) | 6,700,000 | 9/12/07 | 9/26/07 | 11/15/14 | 4.17 | 3.564% | 2.85% | -181,130 | 8/31/08 |
| Fixed Pay SIFMA Swap ('94) | 61,220,000 | 11/15/01 | 11/15/01 | 11/15/21 | 7.44 | 4.80% | 2.99% | -6,828,214 | 8/31/08 |
| Fixed Pay Swap on Taxable Loan | 2,000,000 | 9/1/05 | 9/1/05 | 9/1/10 | 1.00 | 2.50% | 2.01% | -14,206 | 8/31/08 |
| SIFMA/LIBOR Basis Swap | 152,460,000 | 5/3/01 | 5/9/01 | 11/15/29 | 18.59 | 76.00% | 78.09% | -1,843,825 | 8/31/08 |
| Total | 763,035,000 | | | | | | | -3,360,006 | |

**2**

Fixed Pay Swap on Taxable Loan

**Pay to Morgan Stanley (Fixed Leg)**

Fixed 2.50% (30/360 (ISDA))

| Notional | From | To | Days | Fixed Rate | Payment |
|---|---|---|---|---|---|
| 3,000,000 | 8/1/2008 | 9/1/2008 | 30 | 2.50% | |
| | | | | Fixed Rate 2.50% | 6,250.00 |

**Receive from Morgan Stanley (Floating Leg)**

1-Month LIBOR times 67.00% (Actual/ Actual (ISDA))

| Notional | Reset Date | From | To | Days | Rate | Payment |
|---|---|---|---|---|---|---|
| 3,000,000 | 7/30/2008 | 8/1/2008 | 9/1/2008 | 31 | 2.46375% | |

Average Reset 2.46375%

Settlement Rate 1.65071% 4,194.43

Net Amount Due to Morgan Stanley on 9/1/2008 2,055.57

Payment discrepancy between CBFiRM and Provider Calculations. Cain Brothers investigation in progress

**Banking Details**

| | |
|---|---|
| Bank | Citibank, New York |
| | 021 000 089 |
| | 4072 4601 |
| | MS Capital Services Inc. |
| | N/A |

**Counterparty as Pledgor**

| | |
|---|---|
| Counterparty | Lehman Brothers |
| Counterparty Posts | Yes |
| Rounding Multiple | 1,000 |
| Exposure | 25,120,984 |
| | |
| Valuation Percentage | 105.00% |
| Adjusted Exposure | 26,377,033 |
| + Independent Amount | 0 |
| − Threshold | 50,000 |
| **Net Credit Support Amount** | **26,327,033** |
| | |
| **Credit Support Amount** (adjsted for rounding) | **26,327,000** |
| Minimum Transfer Amount | 1,000 |

**3**

| Counterparty | User Requirement | Counterparty Requirement | Valuation Date |
|---|---|---|---|
| Lehman Brothers | 0 | 7,735,000 | 8/31/2008 |
| Morgan Stanley | 8,296,000 | 0 | 8/31/2008 |
| | 8,296,000 | 7,735,000 | |

**4**

| Valuation Date | Notional Outstanding | Average Life (yrs.) | Market Rate | Market Value* (excluding accrued) | Accrued Interest | All-in Market Value* |
|---|---|---|---|---|---|---|
| 1/31/2008 | 3,000,000 | 1.59 | 1.91686% | -26,908 | 1,334 | -25,574 |
| 2/29/2008 | 3,000,000 | 1.51 | 1.76771% | -32,230 | -814 | -33,044 |
| 3/31/2008 | 3,000,000 | 1.42 | 1.68378% | -33,876 | -1,036 | -34,913 |
| 4/30/2008 | 3,000,000 | 1.34 | 2.01825% | -18,774 | -1,727 | -20,502 |
| 5/31/2008 | 3,000,000 | 1.25 | 2.2665% | -8,501 | -1,591 | -10,093 |
| 6/30/2008 | 3,000,000 | 1.17 | 2.29817% | -6,875 | -2,051 | -8,927 |
| 7/31/2008 | 3,000,000 | 1.09 | 2.18173% | -10,058 | -2,179 | -12,237 |
| 8/31/2008 | 3,000,000 | 1.00 | 2.01333% | -14,206 | -2,190 | -16,397 |



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# Debt Manager Overview

## View debt positions, debt service and values

1 View summary tables of all outstanding Fixed and Variable Rate Debt.

2 Drill down into Debt positions for detailed information including transaction specifics, party details, amortization schedules and bond redemption tables.

3 View Net Exposure Reports for individual Bonds to determine interest rate sensitivity after incorporating interest rate swap positions.

4 Assign debt service/fee accrual allocations among various entities within a System. (Allows user to run Entity-Allocated Accrual and Debt Service Reports if desired).

Home | Derivatives Manager | Debt Manager | FAS 133 Manager | Reports

Fixed Rate | Variable Rate

Variable Rate

Print | Export

1

Portfolios: Master Variable Rate

| | Series | Dated Date | Maturity Date | Principal Outstanding | Payment Frequency | Last Reset Rate |
|---|---|---|---|---|---|---|
| | Series 1992 | 12/30/92 | 11/15/14 | 8,150,000 | Monthly | 2.46875% |
| | Series 2007 | 5/2/07 | 11/15/36 | 8,750,000 | Monthly | 2.46875% |
| | Series 2007 | 5/2/07 | 11/15/36 | 18,995,000 | Monthly | 2.46875% |
| | Series 2007 | 5/2/07 | 11/15/36 | 9,515,000 | Monthly | 2.46875% |
| | Series 2007 A-1 | 8/8/07 | 11/15/33 | 46,575,000 | Monthly | 2.46875% |

2

| Date | Notional Amount | Principal Reduction | Coupon | CUSIP |
|---|---|---|---|---|
| 11/15/2006 | 29,855,000 | 2,345,000 | 6.875% | 684503PJ8 |
| 11/15/2007 | 27,350,000 | 2,505,000 | 6.875% | 684503PJ8 |
| 11/15/2008 | 24,675,000 | 2,675,000 | 6.875% | 684503P |
| 11/15/2009 | 21,815,000 | 2,860,000 | 6.875% | 684503 |
| 11/15/2010 | 18,755,000 | 3,060,000 | 6.875% | 684503 |
| 11/15/2011 | 15,485,000 | 3,270,000 | 6.875% | 684503 |
| 11/15/2012 | 11,990,000 | 3,495,000 | 6.875% | 684503 |
| 11/15/2013 | 8,255,000 | 3,735,000 | 6.875% | 684503PJ8 |
| 11/15/2014 | 4,265,000 | 3,990,000 | 6.875% | 684503PJ8 |
| 11/15/2015 | 0 | 4,265,000 | 6.875% | 684503PJ8 |

| Redemption Date | Price (per 100) |
|---|---|
| 11/15/2001 | 102.00 |
| 11/15/2002 | 101.00 |
| 11/15/2003 | 100.00 |

3

| | Principal Outstanding — Upon Application of Swap | | | | Original Debt Structure | |
|---|---|---|---|---|---|---|
| Bond Maturity | Variable | Synthetic Fixed | Synthetic Variable | Debt In Trust | Principal Reduction (Increase) | Remaining Principal |
| 9/1/2005 | 0 | 5,000,000 | 0 | 0 | 0 | 5,000,000 |
| 9/1/2006 | 0 | 4,000,000 | 0 | 0 | 1,000,000 | 4,000,000 |
| 9/3/2007 | 0 | 3,000,000 | 0 | 0 | 1,000,000 | 3,000,000 |
| 9/1/2008 | 0 | 2,000,000 | 0 | 0 | 1,000,000 | 2,000,000 |
| 9/1/2009 | 0 | 1,000,000 | 0 | 0 | 1,000,000 | 1,000,000 |
| 9/1/2010 | 0 | 0 | 0 | 0 | 1,000,000 | 0 |

4

| | Entity Name | Allocation |
|---|---|---|
| | Hospital A | 10.0000% |
| | Hospital B | 40.0000% |
| | Hospital C | 20.0000% |
| | Hospital D | 30.0000% |
| Total | | 100.0000% |



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# FAS133 Manager

## View defined hedges and receive all FAS133 required calculations

Accounting for Derivatives

Adopting FAS 133 may require a considerable learning curve for many. Cain Brothers' expertise in interpreting FAS 133 methodology for not-for-profit enterprises can help you get started right away. Cain Brothers has been successful at achieving hedge accounting treatment for all types of derivatives, including SIFMA Index Swaps, LIBOR Swaps, and Forward Starting Swaps.

**1** View accounting entries (ineffectiveness measurements).

**2** Print or download to Microsoft Excel, Prospective and Retrospective calculation tables required by auditors in order to receive favorable hedge accounting.

**1**

| Date | Spread Used to Value Underlying | Fair Value Underlying Instrument | Fair Value Hedging Instrument | Cumulative Change Underlying Instrument | Cumulative Change Hedging Instrument | Cumulative Adjustment to Other Net Assets (Dr)Cr | Cumulative Adjustment to Net Income (Dr)Cr | Period Adjustment to Other Net Asset (Dr)Cr | Period Adjustment to Net Income (Dr)Cr |
|---|---|---|---|---|---|---|---|---|---|
| 3/31/2006 | 0.25% | 82,121 | 106,247 | 82,121 | 72,389 | 72,389 | 0 | 23,836 | 0 |
| 6/30/2006 | 0.25% | 95,948 | 117,435 | 95,948 | 83,577 | 83,577 | 0 | 11,188 | 0 |
| 9/30/2006 | 0.27% | 56,456 | 74,412 | 56,456 | 40,554 | 40,554 | 0 | -43,023 | 0 |
| 12/31/2006 | 0.27% | 53,769 | 69,934 | 53,769 | 36,076 | 36,076 | 0 | -4,478 | 0 |
| 3/31/2007 | 0.24% | 39,917 | 56,475 | 39,917 | 22,617 | 22,617 | 0 | -13,459 | 0 |
| 6/30/2007 | 0.24% | 49,764 | 64,073 | 49,764 | 30,215 | 30,215 | 0 | 7,598 | 0 |
| 9/30/2007 | 0.24% | 19,888 | 32,585 | 19,888 | -1,273 | 0 | -1,273 | -30,215 | -1,273 |
| 12/31/2007 | 0.24% | -7,161 | 4,451 | -7,161 | -29,407 | -7,161 | -22,246 | -7,161 | -20,973 |
| 3/31/2008 | 0.24% | -44,557 | -33,876 | -44,557 | -67,734 | -44,557 | -23,177 | -37,396 | -931 |

**2**

| Specifications | |
|---|---|
| Hedge Testing Date | 6/30/2008 |
| Reset Table (Swap) | SIFMA |
| Reset Table (Hedged Risk) | 1-Month LIBOR |
| Observations | 30 |
| Independent Averaging | Last Day of Quarter |
| Dependent Averaging | Last Day of Quarter |

| Statistic | Result | Requirement | Status |
|---|---|---|---|
| Correlation | 0.982 | ≥0.800 | Ok |
| R-Squared | 0.965 | ≥0.800 and ≤1.250 | Ok |
| F | 764.250 | None | Ok |
| Significance F | 0.000 | ≤0.050 and None | Ok |
| Slope | 1.592 | auditor subjective and None | Ok |
| Standard Error of Slope | 0.058 | auditor subjective and None | Ok |
| t for H0: Slope=0 | 27.645 | None | Ok |
| P-Value for Slope | 0.000 | auditor subjective and None | Ok |
| Intercept | -0.004 | auditor subjective and None | Ok |
| Standard Error of Intercept | 0.001 | auditor subjective and None | Ok |
| t for H0: Intercept=0 | -2.945 | None | Ok |
| P-Value for Intercept | 1.994 | auditor subjective and None | Ok |

Export

Underlying Data: Averaging

| Date | Independent Variable | Date | Dependent Variable |
|---|---|---|---|
| 9/30/2005 | 2.42384% | 9/30/2005 | 3.53% |
| 12/31/2005 | 2.91692% | 12/31/2005 | 4.09375% |
| 3/31/2006 | 3.07307% | 3/31/2006 | 4.53604% |
| 6/30/2006 | 3.58307% | 6/30/2006 | 5.00375% |
| 9/30/2006 | 3.55076% | 9/30/2006 | 5.35125% |
| 12/31/2006 | 3.58461% | 12/31/2006 | 5.33083% |
| 3/31/2007 | 3.58692% | 3/31/2007 | 5.32021% |
| 6/30/2007 | 3.77384% | 6/30/2007 | 5.32% |
| 9/30/2007 | 3.70384% | 9/30/2007 | 5.47083% |
| 12/31/2007 | | | 5.01792% |
| 3/31/2008 | | | 3.59916% |
| 6/30/2008 | | | 2.62646% |

Microsoft Excel - Hedge.RateRegressionDataElement[1].xls

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Arial 10

H10

| | A | B | C | D | E |
|---|---|---|---|---|---|
| 1 | Date | Independent Variable | Date | Dependent Variable | **2** |
| 2 | 3/31/2001 | 3.16769% | 3/31/2001 | 5.80% | |
| 3 | 6/30/2001 | 3.28846% | 6/30/2001 | 4.50833% | |
| 4 | 9/30/2001 | 2.27384% | 9/30/2001 | 3.72625% | |
| 5 | 12/31/2001 | 1.70923% | 12/31/2001 | 2.34125% | |
| 6 | 3/31/2002 | 1.26692% | 3/31/2002 | 1.86333% | |
| 7 | 6/30/2002 | 1.44615% | 6/30/2002 | 1.85333% | |
| 8 | 9/30/2002 | 1.34923% | 9/30/2002 | 1.82291% | |
| 9 | 12/31/2002 | 1.44461% | 12/31/2002 | 1.6425% | |
| 10 | 3/31/2003 | 1.06923% | 3/31/2003 | 1.3525% | |
| 11 | 6/30/2003 | 1.16307% | 6/30/2003 | 1.31146% | |
| 12 | 9/30/2003 | 0.84461% | 9/30/2003 | 1.1175% | |
| 13 | 12/31/2003 | 1.05857% | 12/31/2003 | 1.13666% | |
| 14 | 3/31/2004 | 0.94461% | 3/31/2004 | 1.10666% | |
| 15 | 6/30/2004 | 1.06307% | 6/30/2004 | 1.105% | |
| 16 | 9/30/2004 | 1.23615% | 9/30/2004 | 1.515% | |
| 17 | 12/31/2004 | 1.69384% | 12/31/2004 | 2.05416% | |
| 18 | 3/31/2005 | 1.87923% | 3/31/2005 | 2.57% | |
| 19 | 6/30/2005 | 2.63923% | 6/30/2005 | 3.03333% | |



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# Reports

Create and Distribute Market Data, Sensitivity Analyses, Entity Exposure, and many other management level reports

The Reports feature allows users to monitor the markets in general through the gathering of market data as well as more specifically managing its credit, interest rate and other exposures. The system monitors overall portfolio exposure through its market value sensitivity analysis capability and also provides the capability to separately monitor individual swap counterparty exposure. The system's reporting functionality also allows a user to run its own analyses and create reports that are auto-generated and emailed out to a select distribution list on a regular basis

1 Run reports on historical market data to view relationships between markets (e.g., taxable vs. tax-exempt rates).

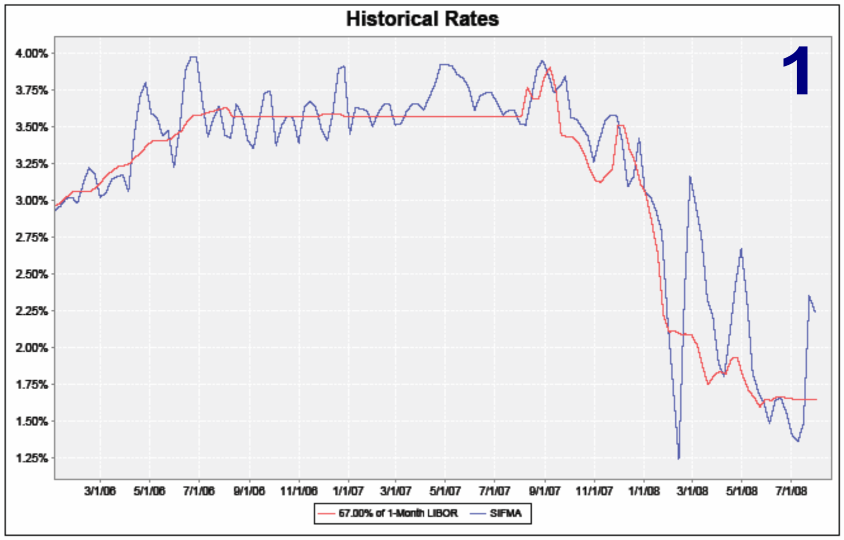
2 Run Cash Flow Sensitivities on Derivative and/or Debt positions for budgeting.

3 Create market value sensitivity reports on Derivatives to gauge overall interest rate exposure.

Additional Report Types:

- Accrual
- Debt Service
- Historical Yield Curve Analysis
- Variable Rate Debt Reset Rate Report

1




2

**Cash Flow Sensitivity**
**Fixed Pay Swap**
9/1/2008 - 9/1/2009

| Taxable Rate<br>Basis | 1.00%<br>100% | 2.00%<br>100% | 3.00%<br>100% | 4.00%<br>100% | 5.00%<br>100% | 6.00%<br>100% | 7.00%<br>100% | 8.00%<br>100% |
|---|---|---|---|---|---|---|---|---|
| 10/1/08 | (6,667) | (8,333) | (10,000) | (11,667) | (13,333) | (15,000) | (16,667) | (18,333) |
| 11/1/08 | (6,889) | (8,611) | (10,333) | (12,056) | (13,778) | (15,500) | (17,222) | (18,944) |
| 12/1/08 | (6,667) | (8,333) | (10,000) | (11,667) | (13,333) | (15,000) | (16,667) | (18,333) |
| 1/1/09 | (6,889) | (8,611) | (10,333) | (12,056) | (13,778) | (15,500) | (17,222) | (18,944) |
| 2/1/09 | (6,889) | (8,611) | (10,333) | (12,056) | (13,778) | (15,500) | (17,222) | (18,944) |
| 3/1/09 | (6,222) | (7,778) | (9,333) | (10,889) | (12,444) | (14,000) | (15,556) | (17,111) |
| 4/1/09 | (6,889) | (8,611) | (10,333) | (12,056) | (13,778) | (15,500) | (17,222) | (18,944) |
| 5/1/09 | (6,667) | (8,333) | (10,000) | (11,667) | (13,333) | (15,000) | (16,667) | (18,333) |
| 6/1/09 | (6,889) | (8,611) | (10,333) | (12,056) | (13,778) | (15,500) | (17,222) | (18,944) |
| 7/1/09 | (6,667) | (8,333) | (10,000) | (11,667) | (13,333) | (15,000) | (16,667) | (18,333) |
| 8/1/09 | (6,889) | (8,611) | (10,333) | (12,056) | (13,778) | (15,500) | (17,222) | (18,944) |
| 9/1/09 | (6,889) | (8,611) | (10,333) | (12,056) | (13,778) | (15,500) | (17,222) | (18,944) |
| Total | (81,111) | (101,389) | (121,667) | (141,944) | (162,222) | (182,500) | (202,778) | (223,056) |

**Market Value Sensitivity Report**
**Parallel Shift in LIBOR, in '000s**
**Fixed Pay SIFMA Swap**
**As of 12/31/2007**

3

| | -1.00% | 0.00% | 1.00% | 2.00% | 3.00% | 4.00% |
|---|---|---|---|---|---|---|
| Fixed Pay SIFMA Swap ('94) | -3,147 | 0 | 2,872 | 5,497 | 7,900 | 10,102 |
| Total | -3,147 | 0 | 2,872 | 5,497 | 7,900 | 10,102 |

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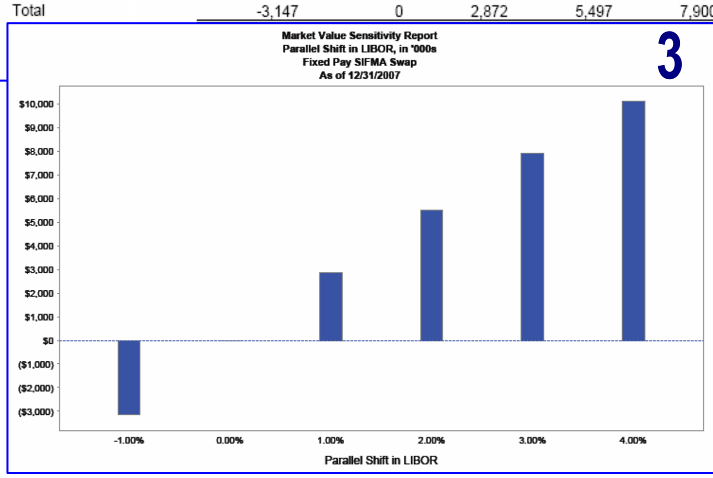




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