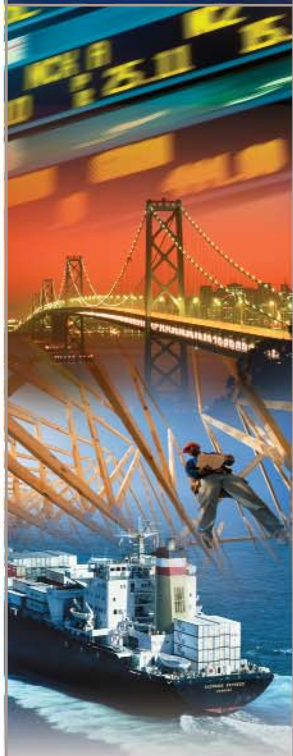
Ambac

Stanford Hospital and Clinics Accesses Market with Major Bond Offering



$428,500,000
California Health Facilities Financing Authority
Hospital Revenue Bonds

Clinical excellence and the ability to attract and retain quality medical professionals are basic requirements for top health care providers. Being located in an economically robust region and operating under a well-respected name also helps certain institutions achieve a reputation for stability and success. The Northern California-based Stanford Hospital and Clinics encompasses all of those characteristics. Stanford Hospital is a subsidiary of the prestigious Stanford University and is the principal teaching affiliate of the Stanford University School of Medicine, making it one of the nation's premier teaching hospitals and regional referral centers. To maintain its enviable position and modernize its facilities, Stanford Hospital recently embarked on a five-year $1 billion capital improvement campaign. Bond proceeds will be used toward funding construction and expansion projects pursuant to this campaign.

When planning for its major new debt offering, Stanford Hospital and Clinics sought to work with an experienced financial guarantor to achieve the most efficient financing. Ambac, well known to the issuer and an active insurer of numerous health care financings nationally, was asked to join the financing team. Ambac's credit professionals analyzed the transaction thoroughly. While Stanford Hospital and Clinics' balance sheet continues to recover from the financial stress experienced during its brief merger with another major Bay Area health care provider, Ambac was impressed by its strong earnings performance in recent years, the institution's leading market position, and the exceptional Stanford "brand image," which allows Stanford Hospital and Clinics to attract and retain top quality medical professionals.

The resulting $428.5 million bond issue was structured as auction-rate bonds, which were synthetically converted to a fixed rate through interest rate swaps. The bond issue, which closed in March 2006 and was well received by the market, was sold by Bear, Stearns & Co. Inc. and Morgan Stanley.

James Mullins
Managing Director
212 208 3452
jmullins@ambac.com

Financial Peace of Mind.®

London
Milan
New York
Sydney
Tokyo

ABK Listed NYSE