

Miriam Osborn Memorial Home Assn., NY Bond Rating Raised To 'BBB' On Improved Financial Trends

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NEW YORK (Standard & Poor's) Oct. 22, 2008--Standard & Poor's Ratings Services raised its rating on Dormitory Authority of the State of New York's revenue bonds, issued for Miriam Osborn Memorial Home Assn. (The Osborn), to 'BBB' from 'BBB-'. The rating outlook is now stable.

The upgrade reflects The Osborn's growing liquidity, improved financial performance, and solid debt service coverage. In addition, Standard & Poor's believes The Osborn will maintain its existing high occupancy levels, strong balance sheet characteristics, and continue meeting the needs of the elderly residing at its facilities successfully.

Credit strengths include The Osborn's very strong historical demand, with occupancies exceeding 90% and a waiting list for available units assuring continued strong future demand. The Osborn also demonstrates improved debt service coverage of 3.92x as of fiscal year ended Dec. 31, 2007, driven partly by very strong investment return. Additional credit strengths include excellent liquidity for a fee-for-service senior-living organization, with 484 days' cash on hand on Dec. 31, 2007, equating to a 113% cash-to-debt ratio and a stable and experienced management team that is committed to the organization.

"The stable outlook reflects The Osborn's improved financial performance, stronger debt service coverage, and strengthened balance sheet," said Standard

& Poor's credit analyst Margaret McNamara. "Lower future legal costs and a continuation of a strong business position are likely to further improve financial performance; however, additional debt to fund future capital costs, or prolonged weakness in the financial markets could pressure the rating," said Ms. McNamara.

Offsetting credits factors include continuing legal cost related to ongoing litigation with the state related to its property tax assessment. While legal cost have been reduced significantly over the past three years, as the case is largely resolved, The Osborn still continues to incur some cost as various appeals are pursued. The continued legal cost and a generous charity care program, coupled with less certain investment income due to market volatility, could place some pressure on the balance sheet going forward.

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