



## Debt & Derivative Advisors

Leaders in Higher Education Finance

# Market Update: Higher Education

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

October 13th, 2008

### Talk to one of our Debt and Derivative Advisors:

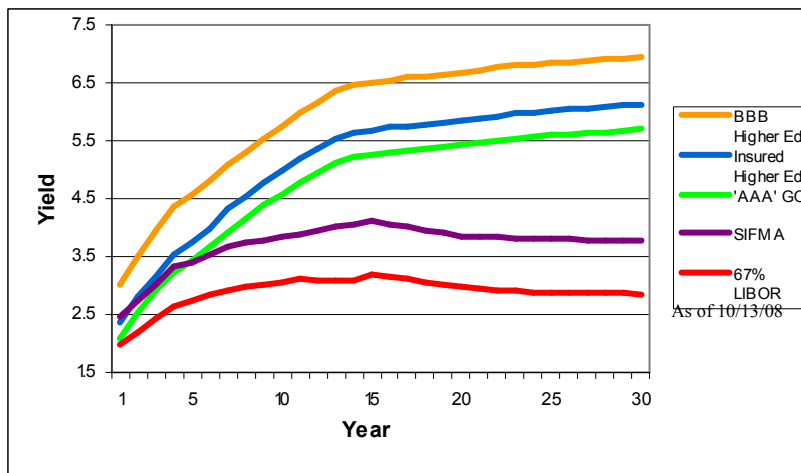
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### General High Grade and Higher Education Yield Curves

	AAA GO	Insured Higher Ed	BBB Higher Ed	Swaps	
				SIFMA	67% of LIBOR
2 Yr	2.55	2.80	3.50	2.65	2.12
5 Yr	3.42	3.73	4.57	3.41	2.75
10 Yr	4.58	4.98	5.73	3.84	3.06
20 Yr	5.43	5.83	6.68	3.85	2.97
30 Yr	5.69	6.13	6.95	3.77	2.86

### Higher Education Market News

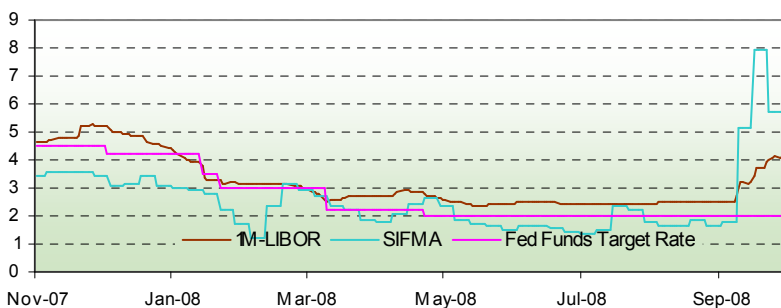
The Dow dropped 1,504.3 or 15.11% last week to close at 8,451.19. The S&P 500 dropped 157.67 or 14.92% to close at 899.22. Significant steps were taken across the globe to address the credit-crisis. Unprecedented rate cuts were coordinated between multiple Central Banks including the Fed, ECB and other European Banks. These rate cuts did not prevent the continued decline in Global Markets.



In fixed income, Treasuries were mixed with substantial declines in the middle of the yield curve, led by a 23 bp plunge in the 10-year yield to 3.87%. The short-end of the curve continued to see an intense flight to safety with the 2-year yield falling 5 bps to 1.59%. AAA GO municipal yields continued to rise with gains of 4 to 35 bps across the curve.

On Monday, the Dow rebounded more than 936 points, closing at 9,387.60. This increase is the largest one-day point gain in the Dow's history. The S&P followed suit climbing 104.13 points to 1,003.35. The stock surge is related to the U.S. Government's Bailout Plan, the Federal Reserve's continued flood of money into the financial markets and interest rate cuts. Mitsubishi UFJ Fin. Group completed a \$9 Billion investment in Morgan Stanley, sending the stock up 85% today.

### Short Term Rates



There is an increased \$1,090Bn on the higher-ed calendar this week. This compares to a \$438MM offering in the 9-15-08 Higher-Ed Market Update. Highlights include: 1) \$230MM Ohio State University, OH, 2) \$200MM Panhandle-Plains Higher Edu, TX, 3) \$190MM Washington University, MO.

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MuniMarket Pulse podcast — Rick Profita, Municipal Trading Manager for Wells Fargo Institutional Brokerage & Sales describes buying and selling in the currently dysfunctional municipal bond market. Go to <http://podcast.derivactiv.com>.



## New Issue Summary

### Recent Higher Education Transactions – Issues over \$10MM

Week of Sale	\$MM	Issuing Authority	Borrower	ST	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
6-Oct	74.8	State Pub Sch Building Auth	Community College	PA	Rev	A2/---/---	09-21,28	PNC Capital Markets	N

#### Highlighted Unenhanced Higher Education Issue Details & Spread Analysis

State Public School Building Authority	Maturity	Yield	+/- "AAA"
Community College of Philadelphia Project	2009	3.13	0.95
	2010	3.50	0.99
	A2/---/---	2011	3.85
Pricing Date: 10/6/08	2012	4.15	1.03
\$74.8MM; Negotiated	2013	4.36	1.05
	2014	4.55	1.05
	2015	4.74	1.05
	2016	4.92	1.05
	2017	5.10	1.05
	2018	5.26	1.05
	2019	5.50	1.11
	2020	5.70	1.12
	2021	5.85	1.10
	2028	6.15	1.07

Issuers and borrowers may request SCM to perform a spread analysis on any issue. Call 952-996-0180.

### Upcoming Higher Education Transactions – Issues over \$10MM

Week of Sale	\$MM	Issuing Authority	Borrower	ST	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
13-Oct	190.0	Missouri Health & Ed Fac	Washington Univ.	MO	Rev	---/---/---	Aaa/AAA/---	Morgan Stanley	N
13-Oct	230.0	Ohio State University		OH	Rev	---/---/---	09-18,23,28	Morgan Stanley	N
13-Oct	67.0	Chemeketa Community College		OR	GO ULT	---/AA/---	09-29	Seattle-Norwest	N
13-Oct	19.8	Cobb Cnty Dev Auth	KSU Dining Hall	GA	Rev	---/---/---	10-18, 23, 28, 39	Citigroup	N
13-Oct	12.4	Colorado Edu & Cult		CO	Rev	---/Ae/---	39	DA Davidson	N
13-Oct	65.0	Massachusetts Hlth & Edl		MA	Rev	---/AA/---		Banc of America	N
13-Oct	24.0	New Jersey Edu Fac Auth	Seton Hall Univ	NJ	Rev	A3/A/---	09-28,33,37	Citigroup	N
13-Oct	200.0	Panhandle-Plains Higher Educ		TX	Rev	---/---/---	11-23	Banc of America	N
13-Oct	36.6	Purdue University		IN	Rev	Aa1/AA/---	09-28,34	Goldman Sachs	N
13-Oct	143.0	Regents of the Univ of Colorado		CO	Rev	Aa3/AA/---	09-33,38	Stifel Nicolaus	N
13-Oct	11.6	Univ of Arkansas		AR	Rev	Aaae/---/---		Stephens Inc.	N
13-Oct	30.0	Will Grundy Etc CCD	Joliet Junior College	IL	Rev	---/AA/---	09,13,23-28	Raymond James	N
13-Oct	33.0	Wisconsin Health and Educ	Marquette Univ	WI	Rev	A2/---/---	15-28	Robert Baird	N
13-Oct	27.6	Wisconsin Health and Educ	Marquette Univ	WI	Rev	A2/---/---	09-14	Robert Baird	N

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