



## Debt & Derivative Advisors

Leaders in Higher Education Finance

# Market Update: Higher Education

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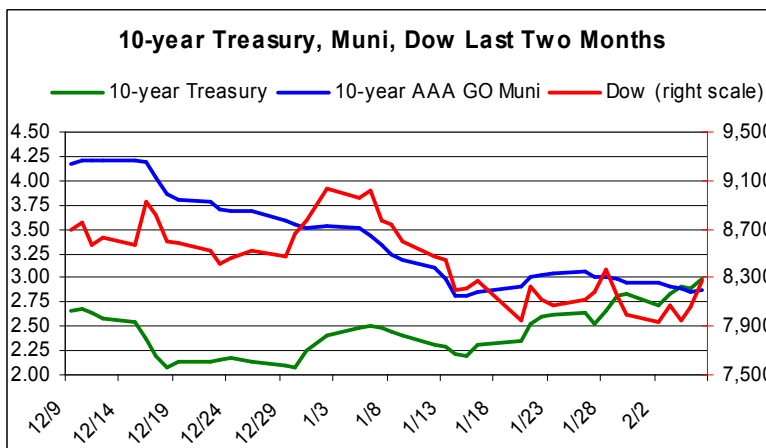
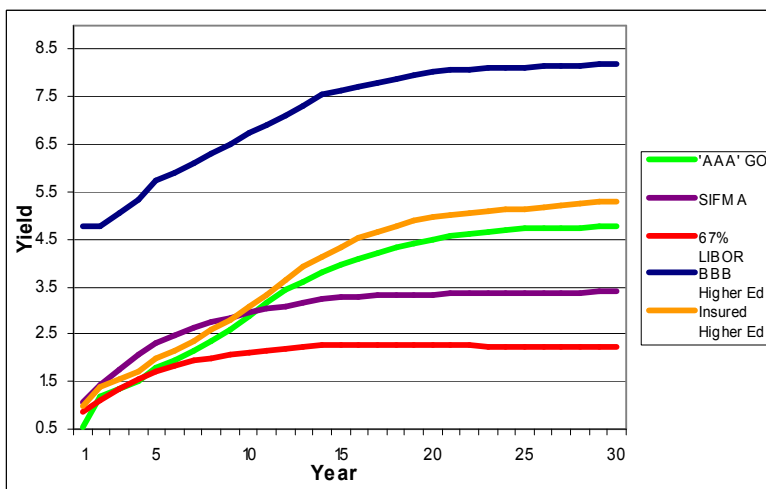
February 10th, 2009

### 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	1.18	1.38	4.78	1.41	1.09
5 Yr	1.78	1.99	5.72	2.30	1.71
10 Yr	2.87	3.09	6.73	2.96	2.11
20 Yr	4.49	4.99	8.02	3.34	2.27
30 Yr	4.76	5.30	8.19	3.39	2.24



### Higher Education Market News

In a mixed week last week, stocks rallied overall, with the Dow and S&P closing at 8,280.59 (+3.5%) and 868.60 (+5.2%), respectively. Financials in particular did well, in expectation of Congress passing an economic stimulus bill.

Nonfarm payrolls plummeted another 598,000 in January, taking the unemployment rate to 7.6%. Meanwhile, motor vehicle sales hit the lowest pace since 1982.

In fixed income, Treasury yields were up across the curve. The 2-year rose 2 basis points, the 3-year 6 basis points, the 5-year 7 basis points, the 10-year 14 basis points, and the 30-year 7 basis points to end the week. The AAA GO muni curve flattened, with no change at the short end, yields dipping 1 to 7 basis points through the middle of the curve, and dropping 24 basis points on the long end.

On the new issuance calendar for higher education, there is a heavy \$874MM scheduled this week. Highlights include: 1) \$271MM Texas A&M University, 2) \$255MM Duke University, and 3) \$237MM Rutgers, the State University of New Jersey.

On the general municipal calendar, there is a light \$4.2Bn scheduled this week. Highlights include: 1) \$300MM Kentucky Property and Builders, 2) \$294MM City of Dallas, TX, and 3) \$255MM County of Mecklenburg, NC.

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MuniMarket Pulse podcast — TJ Marta of Marta on the Markets Says Obama Sounds "A Lot Like FDR" in a Two Part Interview on the Global Economic Outlook for 2009

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
4-Feb	18.1	Nevada Sys Higher Ed		NV	Rev	Aa3/AA/-/---	10-33, 38	Morgan Stanley	C
4-Feb	47.6	Western Kentucky University		KY	Rev	Aa2/AAA/---	09-28	Wachovia	C
2-Feb	50.1	Grand Valley State University		MI	GO	---/A+/---	11-19, 24, 27, 29, 34	PNC Cap Markets	N
2-Feb	170.8	Texas Tech University		TX	Rev	Aa3/AA/AA	09-28, 33, 38	RBC Cap Markets	N
2-Feb	20.4	Texas Womans University		TX	Rev	Aa3/AAA/---	09-28	Morgan Keegan	N
2-Feb	49.9	Univ of Southern Mississippi		MS	Rev	Aa3/A+/---	14-25, 29, 32, 36	Duncan-Williams	N
26-Jan	38.3	Mass Health & Ed	Northeastern University	MA	Rev	A2/-/---	09-19, 29	Barclays Capital	N
26-Jan	25.5	Mass Health & Ed	Northeastern University	MA	Rev	A2/-/---	09-19, 24	Barclays Capital	N
26-Jan	41.0	University of Minnesota		MN	Rev	Aa2/AA/---	10-23, 25, 29, 34	Piper Jaffray	N
26-Jan	17.0	University of Minnesota (tx)		MN	Rev	Aa2/AA/---	10-24, 29	Piper Jaffray	N
26-Jan	50.2	Univ of Southern Indiana		IN	Rev	Aa2/AAA/---	09-23, 28	PNC Capital Mkts	N

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

Massachusetts Health & Ed Fac Northeastern University	Maturity	Yield	+/- "AAA"
	2009	2.15	1.60
<b>A2/-/---</b>	2010	2.88	1.60
Pricing Date: 1/26/09	2011	3.05	1.64
\$38.3MM; Negotiated	2012	3.25	1.60
	2013	3.42	1.51
	2014	3.65	1.52
	2015	3.88	1.52
	2016	4.13	1.54
	2017	4.35	1.53
	2018	4.55	1.48
	2019	4.80	1.42
	2029	5.85	0.98

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

University of Southern Indiana	Maturity	Yield	+/- "AAA"
<b>Aa2/AAA/---</b> (Assured)	2009	1.00	0.45
Pricing Date: 1/26/09	2010	1.75	0.47
\$50.2MM; Negotiated	2011	2.20	0.79
	2012	2.35	0.70
	2013	2.60	0.69
	2014	2.85	0.72
	2015	3.10	0.74
	2016	3.35	0.76
	2017	3.60	0.78
	2018	3.87	0.80
	2019	4.15	0.77
	2020	4.53	0.85
	2021	4.85	0.97
	2022	5.05	0.97
	2023	5.18	0.91
	2028	5.85	1.04

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
9-Feb	60.0	Massachusetts Health & Ed	Lesley University	MA	Rev	Aa2/AAA/---	10-19, 29, 39	Oppenheimer	N
9-Feb	237.4	Rutgers, State Univ of New Jersey		NJ	Rev	---/---/---	10-29, 34, 39	Morgan Stanley	N
9-Feb	255.0	North Carolina Cap Fac	Duke University	NC	Rev	Aa1/AA+/---	38	JPMorgan	N
9-Feb	271.0	Texas A&M University		TX	Rev	Aa1/-/AA+	10-29	JPMorgan	N
9-Feb	50.4	Western Michigan University		MI	Rev	Aa2/AAA/---	09-22	Citigroup	N

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