



## Debt & Derivative Advisors

Leaders in Higher Education Finance

# Market Update: Higher Education

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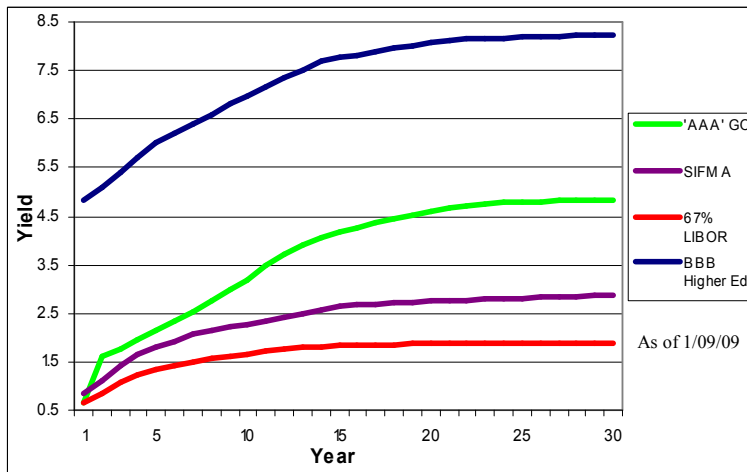
### Talk to one of our Debt and Derivative Advisors:

Johan Rosenberg (952) 746-6030	Farah Lotia (952) 746-6171	Steve Johnson (952) 746-6035	Andrew Deming (952) 746-6036
John Trefethen (952) 746-6040	Cynthia Heneage (952) 746-6045	Erik Kelly (952) 746-6055	Josh Dooley (952) 746-6056

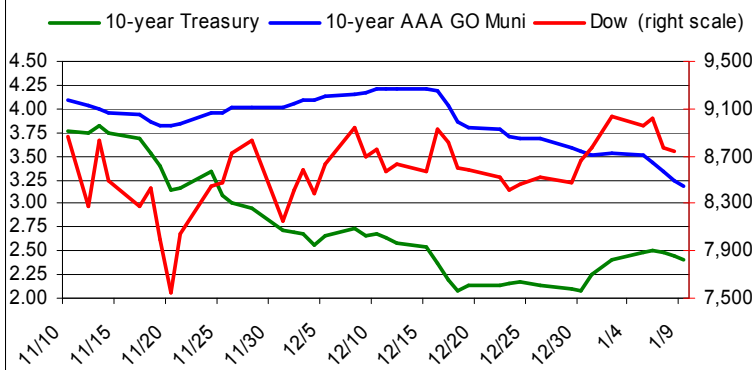
### General High Grade and Higher Education Yield Curves

	AAA GO	Insured Higher Ed	BBB Higher Ed	Swaps	
				SIFMA	67% of LIBOR
2 Yr	1.61	N/A	5.11	1.11	0.84
5 Yr	2.16	N/A	6.00	1.80	1.33
10 Yr	3.19	N/A	6.97	2.28	1.67
20 Yr	4.60	N/A	8.07	2.74	1.87
30 Yr	4.84	N/A	8.24	2.88	1.89

\* There is insufficient recent data to establish insured higher education yield curves.



### 10-year Treasury, Muni, Dow Last Two Months



### Higher Education Market News

The Dow and S&P traded through a relatively narrow range in recent terms before ending the week down 435.51 (-4.8%) and 41.45 (-4.4%), respectively. Employment data, while perhaps not as catastrophic as some predicted, were still quite bad, with non-farm payrolls plunging 524,000 in December and the unemployment rate rising to a 16-year high of 7.2%.

Yields on mortgage backed securities have dropped significantly since the Fed began its planned purchase of the securities. In turn, consumer mortgage rates have begun to fall as well, with average 30-year rates at an all-time low of 5%, and further drops expected.

In fixed income, the Treasury curve steepened significantly as yields fell 12 to 20 basis points on the short end and climbed 24 basis points on the long end. Meanwhile, AAA GO muni yields plunged 21 to 34 basis points across the curve, led by the 10-year.

On the new issuance calendar for higher education, there is a heavy \$705MM scheduled this week. Highlights include: 1) \$231MM Ohio State University, 2) \$130MM Massachusetts State College Building Authority, and 3) \$114MM University of Houston, TX.

On the general municipal calendar, there is a moderate \$5.7Bn scheduled this week. Highlights include: 1) \$750MM Salt River Project, AZ, 2) \$325MM State of Minnesota, and 3) \$317MM Pennsylvania Turnpike Commission.

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MuniMarket Pulse podcast — Tom Doe of Municipal Market Advisors Summarizes Muni Market in December and Challenges 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
12-Jan	61.1	MA Hlth & Educ Fac Auth	Simmons College	MA	Rev	Baa1/BBB+/-	13-19, 22, 29, 39	Barclays Capital	N
5-Jan	83.1	CA Educ Facs Auth	Claremont McKenna College	CA	Rev	Aa2/-/-	39	Prager Sealy	N
5-Jan	217.6	CA Educ Facs Auth	Univ of So. California	CA	Rev	Aa1/AA+/-	38-39	Morgan Stanley	N
5-Jan	35.0	Purdue University		IN	Rev	Aa1/AA/-	09-28, 34	Goldman Sachs	N
5-Jan	165.6	Regents of the Univ of Colorado		CO	Rev	Aa3/AA/-	09-30, 32, 38	Stifel Nicolaus	N
5-Jan	52.4	Univ of Nebraska		NE	Rev	Aa2/AA/-	11-24, 29, 34, 39	Ameritas	N
5-Jan	291.6	Virginia College Bldg Auth		VA	Rev	Aa1/AA/AA+	09-28, 33, 38	Citigroup Global Mkts	N

#### Highlighted "BBB" Higher Education Issue Details & Spread Analysis

MA Health & Educ Facs Auth Simmons College	Maturity	Yield	+/- "AAA"
Baa1/BBB+/-	2013	6.00	3.94
Pricing Date: 1/12/09	2014	6.20	3.93
\$61.1MM; Negotiated	2015	6.40	3.94
	2016	6.60	3.93
	2017	6.80	3.91
	2018	6.97	3.86
	2019	7.17	3.77
	2022	7.70	3.73
	2029	8.13	3.52
	2039	8.25	3.43

#### Highlighted "AA" Higher Education Issue Details & Spread Analysis

Purdue University	Maturity	Yield	+/- "AAA"
Aa1/AA/-	2009	1.00	0.15
Pricing Date: 1/5/09	2010	1.25	-0.61
\$35.0MM; Negotiated	2011	2.20	0.18
	2012	2.37	0.13
	2013	2.57	0.11
	2014	2.79	0.14
	2015	2.98	0.14
	2016	3.17	0.12
	2017	3.38	0.10
	2018	3.61	0.10
	2019	3.84	0.05
	2020	4.13	0.09
	2021	4.38	0.18
	2022	4.56	0.22
	2023	4.73	0.28
	2024	4.85	0.31
	2025	4.95	0.34
	2026	5.00	0.32
	2027	5.02	0.27
	2028	5.05	0.24
	2034	5.22	0.23

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
12-Jan	130.0	MA State College Bldg Auth		MA	Rev	---/-/-		JP Morgan	N
12-Jan	51.7	NY State Dorm Auth	Teachers College	NY	Rev	---/-/-		Morgan Stanley	N
12-Jan	230.9	Ohio State Univ		OH	Rev	---/AA/-	09-28	Morgan Stanley	N
12-Jan	56.6	Oklahoma University		OK	Rev	---/AA-/AA-	11-24, 29, 34, 39	Bosc Inc.	N
12-Jan	23.0	Texas Pub Fin Auth	Austin State Univ	TX	Rev	---/-/-	09-28	Morgan Keegan	N
12-Jan	114.1	Univ of Houston		TX	Rev	Aa3/AA/-	09-33	RBC Capital Mkts	N
12-Jan	39.4	Univ of North Texas		TX	Rev	Aa3/-/-/AA-	09-28	Morgan Keegan	N
19-Jan	28.2	NJ Educ Facs Auth	Montclair State Univ	NJ	Rev	---/-/-	11-23, 28, 38	Morgan Stanley	N

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