



Debt & Derivative Advisors

Leaders in Higher Education Finance

Market Update: Higher Education

www.soundcapital.com

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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 | 2.45 | 2.70 | 3.40 | 2.49 | 2.17 |
| 5 Yr | 3.21 | 3.52 | 4.36 | 2.97 | 2.62 |
| 10 Yr | 4.10 | 4.50 | 5.25 | 3.35 | 2.89 |
| 20 Yr | 5.07 | 5.47 | 6.32 | 3.66 | 3.05 |
| 30 Yr | 5.16 | 5.60 | 6.42 | 3.75 | 3.06 |

Higher Education Market News

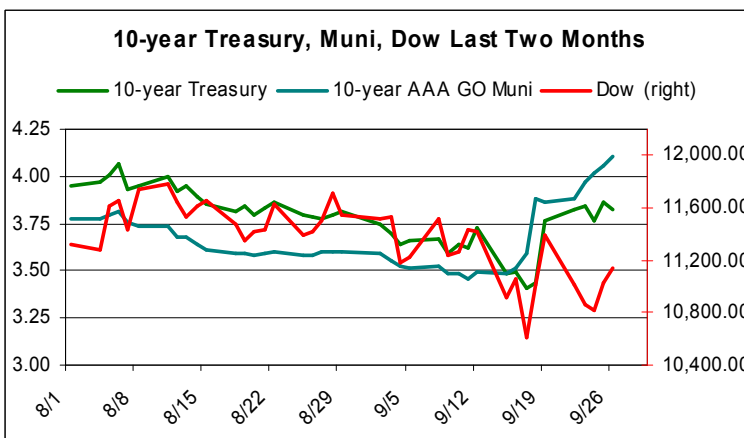
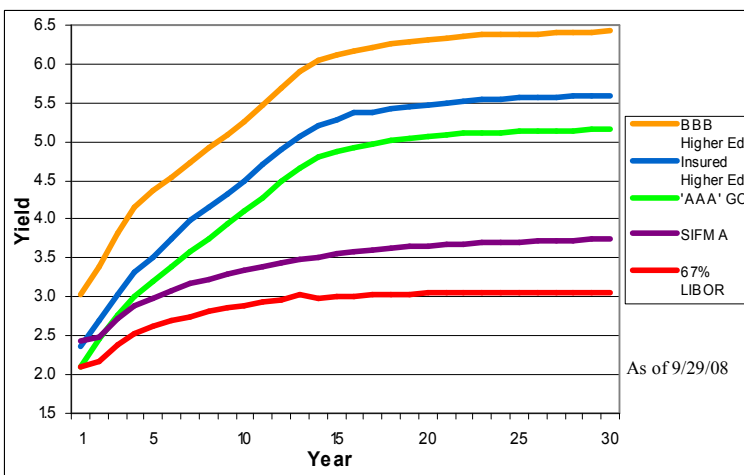
The Dow fell 2.2% last week to close at 11143.13, and the S&P 500 tumbled 3.3% to close at 1213.27. The week's economic data were terrible, but as has been the case for a number of weeks, the data releases were overshadowed by the worsening credit crisis.

The big news of the week continued to be the developments on Capitol Hill regarding the proposed government bailout of failing financial institutions. Market expectations were for a bailout to come, in some form, by the beginning of this week. Congress reached enough of a consensus over the weekend to put a proposal to a vote, but the proposal was voted down in the House. Markets today (Monday) were extremely volatile as uncertainty continued.

Also on Monday, Citigroup announced plans to purchase Wachovia's banking operations and absorb up to \$42 billion in losses.

In fixed income, Treasuries were mixed, with the strongest results in the belly of the curve. The 2-year was down by 5 basis points, the 30-year down by 1 basis point, and the middle of the curve up 3 to 6 basis points. AAA GO muni yields soared, with gains of 19 to 24 basis points across the curve, again with the largest increases in the mid-term.

Due to the extreme disruptions in the market, most municipal bond issues are listed as day-to-day or postponed, as market participants wait for the results of the proposed bailout plan.



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Go to <http://podcast.derivactiv.com>.



New Issue Summary

Recent Higher Education Transactions – Issues over \$10MM

| Week of | | | | | | Rating | | | Comp |
|---------|------|-------------------|----------|----|------|----------|------------|---------|------|
| Sale | \$MM | Issuing Authority | Borrower | ST | Type | (M/SP/F) | Due (20XX) | Manager | /Neg |

Due to extreme market disruptions over the past several weeks, most new municipal issues have been postponed or listed as day-to-day.

Upcoming Higher Education Transactions – Issues over \$10MM

| Week of | | | | | | Rating | | | Comp |
|---------|------|-------------------|----------|----|------|----------|------------|---------|------|
| Sale | \$MM | Issuing Authority | Borrower | ST | Type | (M/SP/F) | Due (20XX) | Manager | /Neg |

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