



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	2.00	2.25	2.95	2.04	1.96
5 Yr	2.70	3.01	3.85	2.68	2.48
10 Yr	3.49	3.89	4.64	3.20	2.84
20 Yr	4.31	4.71	5.56	3.56	3.05
30 Yr	4.56	5.00	5.82	3.67	3.08

Higher Education Market News

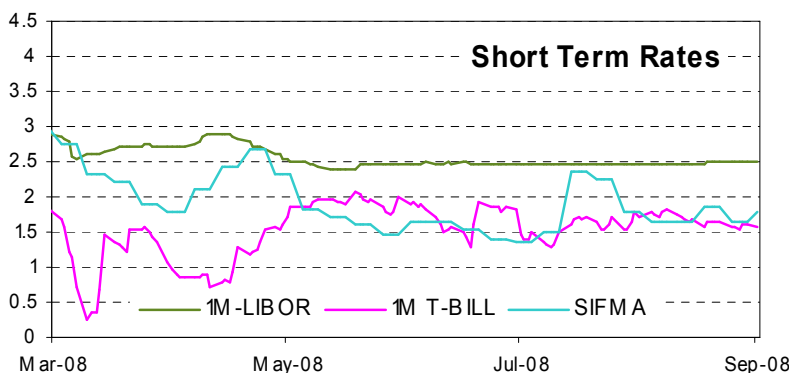
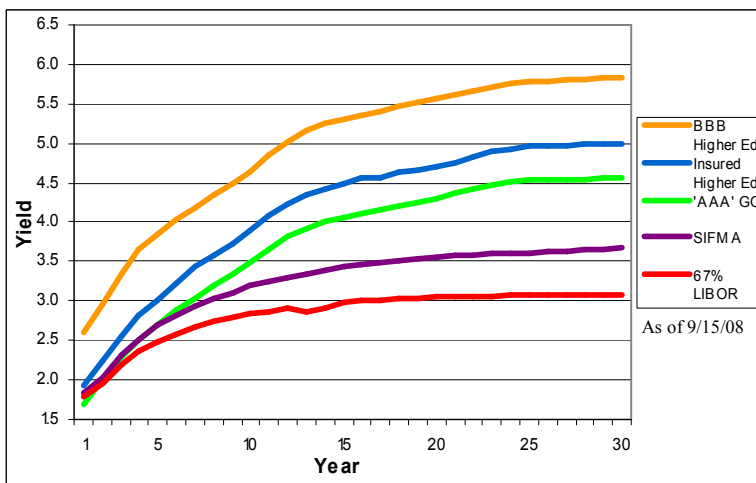
The Dow climbed 1.8% last week to close at 11422, and the S&P 500 rose 0.8% to close at 1251.7. Energy prices were slightly higher in anticipation of possible disruptions in the Gulf of Mexico, with Hurricane Ike approaching.

In fixed income, Treasuries were mixed, with yields down 3 basis points on the short end and up 3 to 7 basis points longer term. AAA GO muni yields were down slightly across the curve, by 1 to 2 basis points on the short end and 2 to 4 basis points on the long end.

Stocks opened sharply lower this morning on financial developments over the weekend. Lehman Brothers Holdings Inc. filed for Chapter 11 bankruptcy, and Merrill Lynch announced a forced sale to Bank of America. AIG, the world's largest insurance company, asked the Federal Reserve for emergency funding, with expectations for a major restructuring announcement later on Monday. Energy prices also fell today, as damage from Ike was less than expected and heightened economic woes signal slowing demand.

There is a light \$438MM on the higher education calendar for this week. Highlights on the general calendar include 1) \$200MM Panhandle-Plains Higher Education, TX, 2) \$137MM University of Colorado, and 3) \$45MM Georgetown University.

There is a light \$5.2Bn on the general municipal calendar for this week. Highlights on the general calendar include 1) \$584MM William Beaumont Hospital, MI, 2) \$500MM State of Connecticut, and 3) \$280MM Wellspan Health, PA.



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MuniMarket Pulse podcast — Dan Solender of Lord Abbett Says There Are “No Credit Issues with Housing Bonds”
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
10-Sep	250.0	NJ Educ Facs Auth	Princeton University	NJ	Rev	Aaa/AAA/AAA	10-31, 35, 38	Wachovia	C
8-Sep	15.0	Michigan Higher Ed Facs	Alma College	MI	Rev	A3/---/---	09-18, 23, 28, 33	Fifth Third	N
8-Sep	30.4	Snyder Co Higher Ed	Susquehanna Univ	PA	Rev	A2/---/---	10-23, 29, 38	PNC Capital Mkts	N
8-Sep	112.9	University of South Alabama		AL	Rev	Aaa/AAA/---	09-29, 33, 38	Frazer Lanier	N
1-Sep	21.5	Oklahoma Dev Fin Auth	Var State Schools	OK	Rev	A1/AA/---	09-23	Wachovia	N

Highlighted Unenhanced Higher Education Issue Details & Spread Analysis

Snyder County Higher Ed	Maturity	Yield	+/- "AAA"
Susquehanna University	2010	2.36	0.34
	2011	2.72	0.39
	2012	2.98	0.44
	2013	3.22	0.49
	2014	3.44	0.53
	2015	3.62	0.55
	2016	3.77	0.55
	2017	3.92	0.55
	2018	4.07	0.55
	2019	4.31	0.63
	2020	4.50	0.67
	2021	4.61	0.67
	2022	4.71	0.67
	2023	4.77	0.67
	2029	5.07	0.67
	2038	5.27	0.67

Highlighted Enhanced Higher Education Issue Details & Spread Analysis

University of South Alabama	Maturity	Yield	+/- "AAA"
	2009	1.83	0.25
	2010	2.27	0.25
	2011	2.60	0.27
	2012	2.85	0.31
	2013	3.04	0.31
	2014	3.25	0.34
	2015	3.46	0.39
	2016	3.61	0.39
	2017	3.76	0.39
	2018	3.92	0.40
	2019	4.10	0.42
	2020	4.24	0.41
	2021	4.36	0.42
	2022	4.46	0.42
	2023	4.52	0.42
	2024	4.60	0.45
	2025	4.60	0.40
	2026	4.67	0.42
	2027	4.70	0.40
	2028	4.75	0.40
	2029	4.80	0.40
	2033	4.98	0.43
	2038	5.04	0.44

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						Rating			Comp
Sale	\$MM	Issuing Authority	Borrower	ST	Type	(M/SP/F)	Due (20XX)	Manager	/Neg
15-Sep	19.8	Cobb County Dev Auth	Kennesaw State Univ	GA	Rev	---/---/---	10-18, 23, 28, 39	Citigroup	N
15-Sep	44.5	Georgetown University		DC	Rev	A3/A/---		Goldman Sachs	N
15-Sep	200.0	Panhandle-Plains Higher Ed		TX	Rev	---/---/---	11-23	Banc of America	N
15-Sep	36.6	Purdue University		IN	Rev	Aa1/AA/---	09-28, 34	Goldman Sachs	N
15-Sep	137.2	Regents of the Univ of Colorado		CO	Rev	Aa3/AA/---	09-33, 38	Stifel Nicolaus	N

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