



Debt & Derivative Advisors

Leaders in Higher Education Finance

Market Update: Higher Education

www.soundcapital.com

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General High Grade and Higher Education Yield Curves

Year	AAA GO	Insured Higher Ed	BBB Higher Ed	Swaps	
				SIFMA	67% of LIBOR
2 Yr	2.03	2.42	2.98	2.26	2.19
5 Yr	2.79	3.11	3.94	2.82	2.65
10 Yr	3.60	3.95	4.75	3.25	2.98
20 Yr	4.43	4.76	5.68	3.62	3.18
30 Yr	4.71	5.00	5.97	3.71	3.21

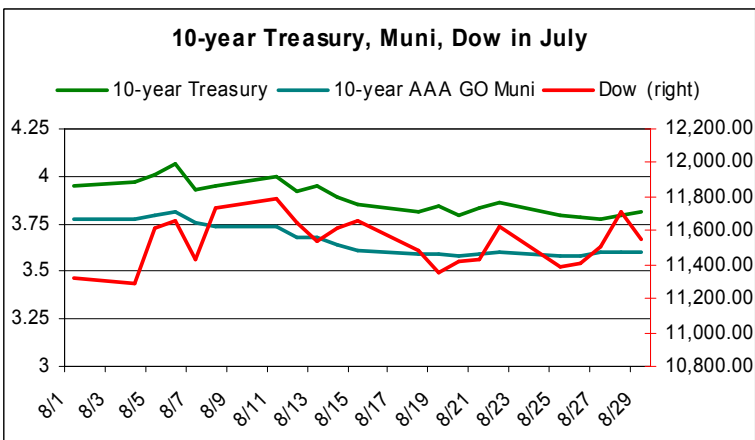
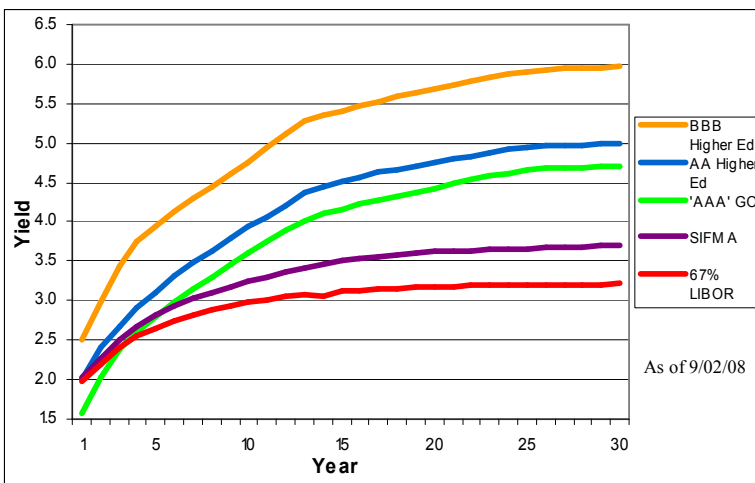
Higher Education Market News

The Dow and the S&P 500 both ended last week down 0.7%, closing at 11543.55 and 1282.83, respectively, as markets closed early headed into the holiday weekend. Energy prices were somewhat higher in anticipation of possible disruptions in the Gulf of Mexico, with Hurricane Gustav approaching.

Wall Street Banks continue to reach settlements with state and federal regulatory agencies in a number of ARS-related cases. Banks reaching a settlement to date include Citigroup Global Markets Inc.; UBS AG; Merrill Lynch & Co.; JPMorgan Chase & Co.; Morgan Stanley; Wachovia Capital Markets; Goldman, Sachs & Co., and Deutsche Bank AG.

In fixed income, Treasuries were down four to five basis points across the curve. AAA GO muni yields were mixed and the curve slightly steeper over the week, dropping one to two basis points on the front end and gaining one basis point on the long end.

There is a light \$3.5Bn on the general municipal calendar for this short post-holiday week, with no higher education issues scheduled. Highlights on the general calendar include 1) \$661MM Commonwealth of Massachusetts, 2) \$563MM Florida Municipal Power Agency, and 3) \$250MM Commonwealth of Puerto Rico.



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MuniMarket Pulse podcast — Chris Mier of Loop Capital Says Economy is "Not Out of the Woods Yet"
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
25-Aug	26.2		Oklahoma Univ (taxable)		OK	Rev	---/AA/AA	09-13, 18, 24	Citigroup	N
25-Aug	44.9		Oklahoma Univ		OK	Rev	---/AA/AA	24-28, 33, 36	Citigroup	N
25-Aug	145.2		McAllister Acad Village	Arizona State Univ	AZ	Rev	A1/AA-/-	10-28, 30, 33, 38-39	RBC Capital	N
18-Aug	45.4		Univ of Alabama		AL	Rev	Aa3/AA-/-	09-18, 23, 28, 34	Morgan Keegan	N
18-Aug	129.4		NY State Dorm Auth	State Univ	NY	Rev	Aa3/AA-/-	09-28, 33, 38	DEPFA	N
18-Aug	22.7		Mass Dev Fin Agency	New Engl Conservatory of Music	MA	Rev	Baa1/-/-	11-18, 38	Banc of America	N
18-Aug	38.2		Maryland Econ Dev	University of Maryland	MD	Rev	Baa2/-/-	17-20, 23, 27, 33, 38, 43	Wachovia	N
18-Aug	165.5		Connecticut Hlth & Ed	Quinnipiac University	CT	Rev	A2/AA-/-	33, 37	JPMorgan	N
18-Aug	92.5		Auburn University		AL	Rev	Aa3/AA-/-	10-23, 28, 33, 38	Merchant Capital	N
18-Aug	96.7		Cal Statewide	Thomas Jefferson School of Law	CA	Rev	---/BB+/-	26, 32, 38	Merrill Lynch	N
18-Aug	36.7		Cal Statewide (taxable)	Thomas Jefferson School of Law	CA	Rev	---/BB+/-	23	Merrill Lynch	N

Highlighted BBB Higher Education Issue Details & Spread Analysis

Mass Dev Finance Agency	Maturity	Yield	+/- "AAA"
New England Conservatory	2011	3.40	1.00
Baa1/-/-	2012	3.60	0.98
Pricing Date: 8/18/08	2013	3.80	0.98
\$22.7MM; Negotiated	2014	4.00	1.00
	2015	4.10	0.95
	2016	4.25	0.95
	2017	4.40	0.95
	2018	4.54	0.95
	2038	5.52	0.87

Highlighted AA Higher Education Issue Details & Spread Analysis

NY State Dorm Auth	Maturity	Yield	+/- "AAA"
State Univ	2009	0.00	-1.56
Aa3/AA-/-	2010	2.18	0.15
Pricing Date: 8/18/08	2011	2.59	0.19
\$129.4MM; Negotiated	2012	2.85	0.23
	2013	3.09	0.27
	2014	3.30	0.30
	2015	3.47	0.32
	2016	3.64	0.34
	2017	3.81	0.36
	2018	3.97	0.38
	2019	4.13	0.39
	2020	4.27	0.39
	2021	4.38	0.39
	2022	4.46	0.39
	2023	4.52	0.39
	2024	4.58	0.39
	2025	4.64	0.39
	2026	4.69	0.39
	2027	4.74	0.39
	2028	4.75	0.35
	2033	4.90	0.30
	2038	4.95	0.30

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
8-Sep	10.0		Univ of Utah Brd of Regents	Univ of Utah	UT	Rev	---/-/-		George K. Baum	N

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