



Debt & Derivative Advisors

Leaders in Higher Education Finance

Market Update: Higher Education

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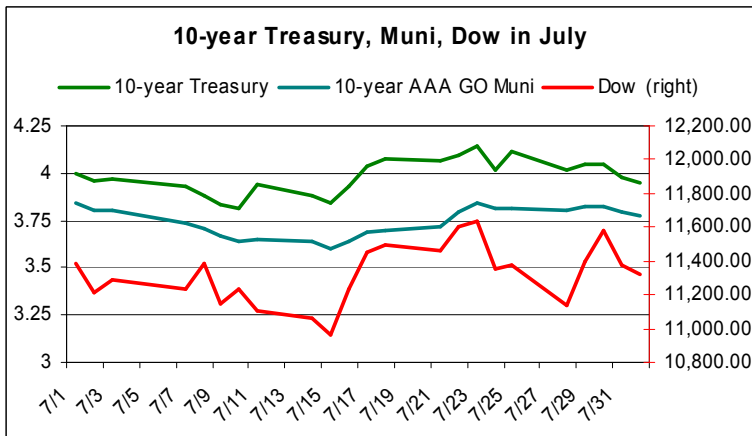
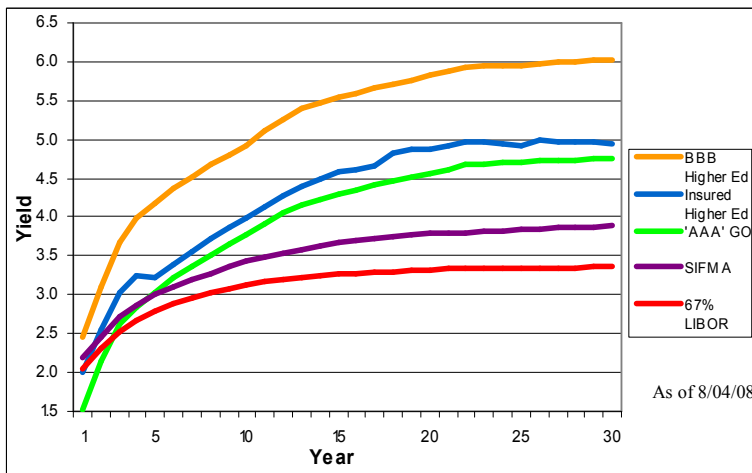
August 4th, 2008

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	2.15	2.55	3.10	2.45	2.30
5 Yr	3.04	3.22	4.19	3.00	2.79
10 Yr	3.78	3.98	4.93	3.43	3.13
20 Yr	4.57	4.87	5.82	3.79	3.33
30 Yr	4.75	4.95	6.01	3.89	3.36



Higher Education Market News

The Dow fell 0.4% last week, closing at 11326, while the S&P 500 gained 0.2% to close at 1260.31, as second quarter advance GDP numbers came in at 1.9%, lower than expected. Unemployment figures were also worse than expected. As a result, the Federal Reserve Open Market Committee is expected to leave key interest rates unchanged when it meets Monday and Tuesday this week.

The Connecticut Attorney General filed suit against all three credit rating agencies last week, alleging that the tighter rating scales applied to municipal credits directly led to increased costs to taxpayers in the form of unnecessary insurance premiums and higher interest rates. In related news, the House Financial Services Committee on Wednesday passed a bill directing the SEC to require the rating agencies to apply the same scale to both municipals and corporate bonds.

In fixed income, the treasury curve steepened as yields on the short end fell 20 to 22 basis points, the 10-year fell 16 basis points, and the long end dropped 13 basis points. AAA GO muni yields also fell 3 to 6 basis points across the curve.

On the new issuance calendar for higher education, there is a light \$72MM scheduled this week. Highlights include: 1) \$26MM University of West Georgia, 2) \$26MM State University of Iowa, and 3) \$20MM Robert Morris University, PA.

On the general municipal calendar, there is a light \$5Bn scheduled this week. Highlights include: 1) \$800MM New York City GO, 2) \$718MM Bay Area Toll Authority, CA, and 3) \$350MM Methodist Hospital of Houston, TX.

Advertisement

MuniMarket Pulse podcast — Bryan Williams of Rockwater Municipal Advisors Says "Recovery Has Been Dramatic" Since February Meltdown
Go to <http://podcast.derivactiv.com>.

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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
	29-Jul	32.1	Pennsylvania Higher Ed		PA	Rev	Aa3/---/AA-	09-25	Morgan Stanley	N
	28-Jul	12.6	Saginaw Valley State Univ		MI	Rev	A2/A/---	10-18, 23, 29, 38	Lehman	N
	28-Jul	207.4	Texas State Univ		TX	Rev	Aa3/AA/---	08-28	Lehman	N
	28-Jul	21.7	Texas Womens Univ		TX	Rev	A1/A/---	09-28	Piper Jaffray	N
	21-Jul	38.0	California Ed Facs Auth	California Lutheran Univ	CA	Rev	Baa1/---/---	10-16, 21, 28, 38	Prager Sealy	N
	21-Jul	129.9	Maryland Hlth & Higher Ed	Johns Hopkins Univ	MD	Rev	Aa2/AA/A+	13, 18, 38	Morgan Stanley	N
	21-Jul	325.2	Mass Health & Ed Fac Auth	MIT	MA		Aaa/AAA/---	14, 19, 38	Lehman	N
	21-Jul	47.5	Mass Dev Fin Agency	Brandeis Univ	MA	Rev	Aa3/---/---	12-29, 39	Lehman	N

Highlighted Unenhanced Higher Education Issue Details & Spread Analysis

California Ed Facs Auth	Maturity	Yield	+/- "AAA"
Baa1/---/---	2010	3.10	0.95
Pricing Date: 7/21/08	2011	3.65	1.05
\$38.1MM; Negotiated	2012	3.98	1.15
	2013	4.17	1.15
	2014	4.33	1.15
	2015	4.48	1.15
	2016	4.62	1.15
	2021	5.35	1.26
	2028	5.75	1.25
	2038	6.00	1.26

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
	4-Aug	20.0	Allegheny County Higher Ed	Robert Morris Univ	PA	Rev	Baa3/---/---	38	PNC Capital Mkts	N
	4-Aug	26.2	Carollton Dev	Univ of W. Georgia	GA	Rev	A2/---/---	10-24, 29, 34, 39	Merchant Capital	N
	7-Aug	26.0	Iowa State Board of Regents	State Univ of Iowa	IA	Rev	---/---/---	10-34		C
	11-Aug	70.0	Marietta Dev Auth	Life University	GA	Rev	---/---/---		Citigroup	N

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