



Debt & Derivative Advisors

Leaders in Higher Education Finance

Market Update: Higher Education

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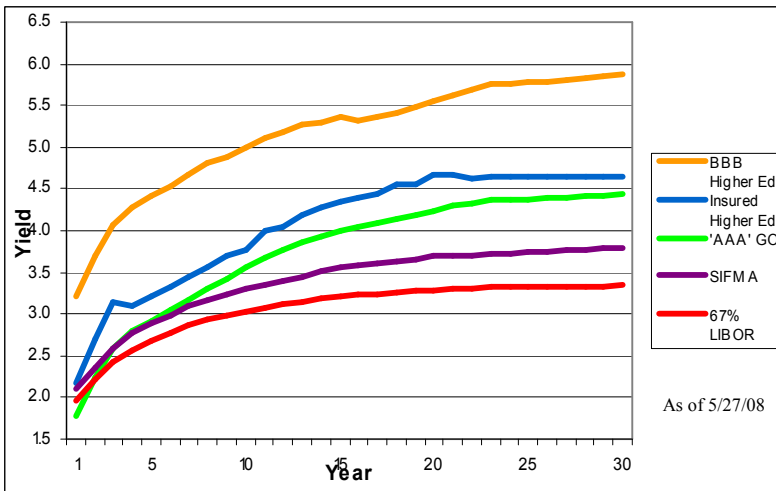
May 27, 2008

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	2.23	2.71	3.71	2.37	2.21
5 Yr	2.92	3.22	4.41	2.89	2.69
10 Yr	3.55	3.78	4.99	3.30	3.03
20 Yr	4.24	4.66	5.55	3.69	3.29
30 Yr	4.43	4.64	5.87	3.79	3.34



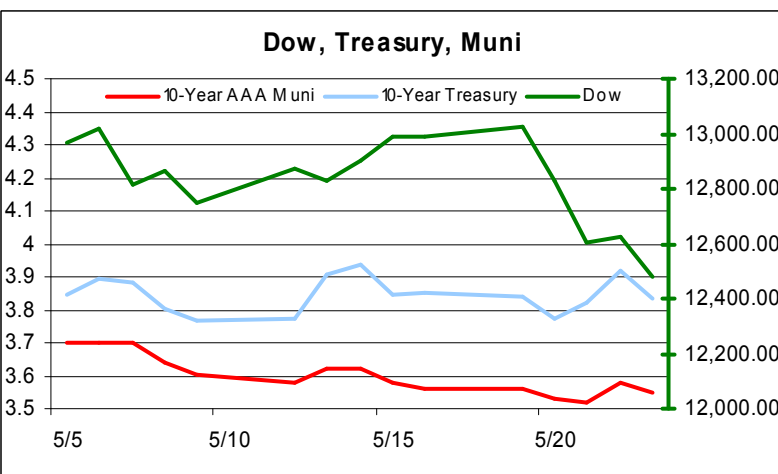
Higher Education Market News

Equity markets had their worst week in over 3 ½ months last week, as the Dow and S&P 500 were down 3.91% and 3.47%, respectively. Last Wednesday, the FOMC released the minutes of their April 30th meeting, revealing that the **Committee is most likely done cutting the Fed Funds rate**, after seven consecutive cuts from 5.25% in September 2007 to 2.0%. Trading of Fed Futures contracts show no more cuts and a possible rate increase by year end. Inflationary fears also heightened as PPI numbers came in worse than expected last Tuesday and **oil hit yet another all-time high, closing at \$133.17 on Wednesday**.

Treasury yields were volatile but ended the week mostly unchanged, with the benchmark 10-year Treasury down 2 basis points to close at 3.83% on Friday. Muni yields were unchanged in the front end of the curve, and down 1 to 3 basis points in the 6- to 30-year range.

On the new issuance calendar for higher education, there is a light **\$160MM scheduled for this holiday-shortened week**. Highlights include 1) \$59.8MM Tufts University, MA, 2) \$47.2MM DePaul University, IL, and 3) \$34MM California Community College, CA.

On the general municipal calendar, there is a **moderate \$6.6Bn of new issuance expected this week**. Highlights include 1) \$1.5Bn Citizens Property Insurance Corp, FL, 2) \$504MM Sacramento Utility District, CA, and 3) \$500MM New York City Water Authority.



MuniMarket Pulse podcast—Thalia Meehan of Putnam Investments Describes the Impact of **Kentucky vs Davis Decision on Funds, Investors**
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
22-May	10.0	Morehead State University		KY	Rev	Aa3/---/---	08-22	Morgan Keegan	C
21-May	22.2	Illinois State University		IL	COPS	Aaa/AAA/---	10-28	Harris	C
20-May	144.1	Virginia College Bldg Auth		VA	Rev	Aa1/AA+/AA+	09-28	Wachovia	C
19-May	40.5	Arkadelphia Pub Ed Fac	Ouachita Baptist Univ	AR	Rev	Unrated	13-23, 28, 33, 38	Stephens Inc.	N
19-May	19.0	Educational Facs Auth	Wofford College	SC	Rev	---/A/---	10-24, 32, 38	Wachovia	N
19-May	50.5	Ohio State Higher Ed		OH	Rev	A1/AA-/---	14-20, 24, 29, 33	Morgan Stanley	N
19-May	30.3	University of Nebraska		NE	Rev	Aa2/AA-/---	11-23, 28	Ameritas	N
13-May	12.4	Portland Community College Dist		OR	GO ULT	Aa2/AA/---	08-12	Banc of America	C
12-May	10.0	Angelina County Jr College Dist		TX	GO LT	Aaa/---/---	10-28, 30, 32, 34	Morgan Keegan	C
12-May	121.1	Grossmont-Cuyamaca Comm Coll Dist		CA		Aaa/AAA/---	08-13, 17-24	Citigroup	N
12-May	147.6	Mass Health & Educ Facilities Auth	Northeastern Univ	MA	Rev	A2/---/---	08-28, 33	Lehman Brothers	N
12-May	11.4	Minnesota Higher Ed Fac	St. John's Univ	MN	Rev	A2/---/---	09-23, 28, 33	RBC Capital Mkts	N
12-May	26.2	Washington State Univ		WA	Rev	Aaa/AAA/---	09-25, 27, 29-30, 38	Wachovia	N

Highlighted Unenhanced Higher Education Issue Details & Spread Analysis

Educational Facs Auth	Maturity	Yield	+/- "AAA"
Wofford College	2010	2.88	0.65
---/A/---	2011	3.17	0.60
Pricing Date: 5/19/08	2012	3.40	0.60
\$19.0MM; Negotiated	2013	3.52	0.60
	2014	3.60	0.55
	2015	3.71	0.53
	2016	3.84	0.53
	2017	3.97	0.53
	2018	4.09	0.53
	2019	4.25	0.58
	2020	4.36	0.58
	2021	4.37	0.50
	2022	4.54	0.60
	2023	4.61	0.60
	2024	4.66	0.60
	2032	4.85	0.46
	2038	4.96	0.51

Highlighted Enhanced Higher Education Issue Details & Spread Analysis

Washington State University	Maturity	Yield	+/- "AAA"
Aaa/AAA/---	2009	2.23	0.40
(Aa3/A+/---)	2010	2.79	0.48
Enhanced: FSA	2011	3.16	0.56
Pricing Date: 5/12/08	2012	3.12	0.30
\$26.2MM; Negotiated	2013	3.24	0.30
	2014	3.36	0.30
	2015	3.47	0.28
	2016	3.60	0.27
	2017	3.72	0.26
	2018	3.81	0.23
	2019	4.04	0.34
	2020	4.09	0.28
	2021	4.23	0.33
	2022	4.34	0.36
	2023	4.41	0.36
	2024	4.47	0.36
	2025	4.51	0.35
	2027	4.63	0.37
	2029	4.73	0.37
	2030	4.70	0.30
	2038	4.72	0.21

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
26-May	34.0	California Comm College		CA	Rev	---/---/---		RBC Capital Mkts	N
26-May	47.2	Illinois Finance Authority	DePaul University	IL	Rev	---/---/---		Lehman Brothers	N
26-May	59.8	Mass Health & Educ Facilities Auth	Tufts Univ	MA	Rev	---/---/---	28	Lehman Brothers	N
27-May	19.5	Northern Kentucky University		KY	Rev	---/---/---	09-28		C

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