



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

	AAA GO	Insured Higher Ed	BBB Higher Ed	SWAPs	
				SIFMA	67% of LIBOR
2 Yr	2.31	2.96	3.79	2.31	2.05
5 Yr	2.94	3.38	4.43	2.80	2.52
10 Yr	3.60	4.05	5.04	3.23	2.91
20 Yr	4.33	4.73	5.64	3.61	3.18
30 Yr	4.53	4.95	5.97	3.71	3.22

Higher Education Market News

The Dow fell 2.4% last week, the largest weekly drop in over a month. Investors reacted negatively to larger than anticipated losses at Fannie Mae and insurance company AIG.

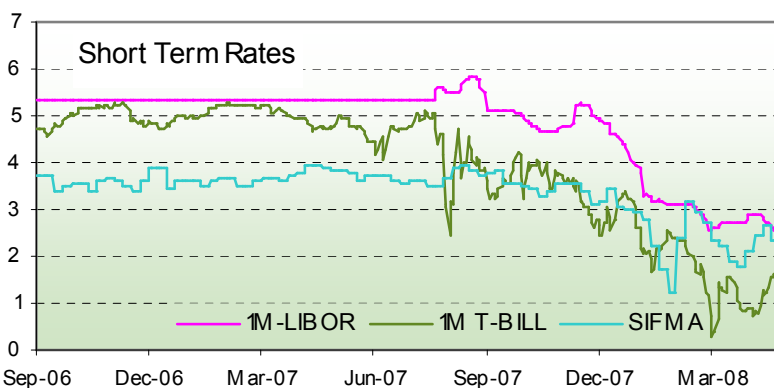
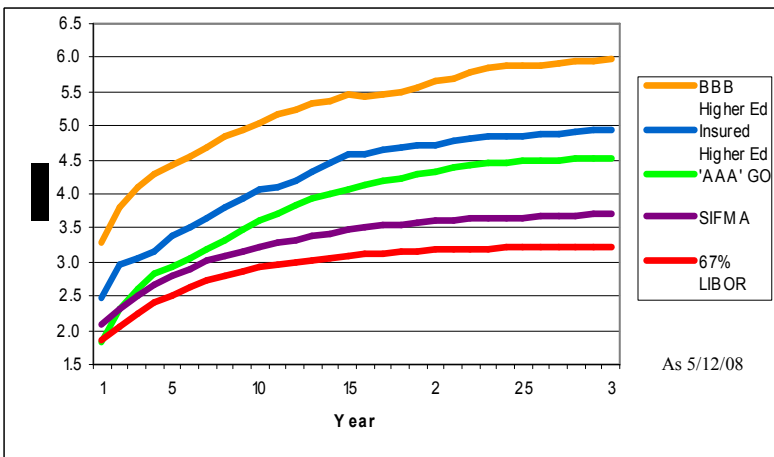
In public finance headlines, **UBS**, the third largest senior underwriter of tax-exempt bonds by volume last year, **is reported to be exiting the municipal underwriting business**. During the first quarter of 2008, UBS captured a 9.3% market share among senior managers, according to Thomson Reuters data.

Yields in treasuries declined last week – **the 3-year declined 22 basis points** and the 30-year declined 4 basis points. Muni yields also declined, 4 basis points on the short end and 6 basis points on the long end.

Last week, the MuniMarket Pulse podcast finished a four-part series on the student loan credit crunch. Part four included an interview with Jamie Wolfe, CFO of Minnesota's NorthStar Education Finance, in which he stated that the legislation signed by President Bush is "half-baked" and does not provide long-term solutions for the market. The interview is available at <http://podcast.derivactiv.com>.

On the new issuance calendar in higher education, there is a **moderate \$480MM scheduled** this week. Highlights include 1) \$190MM Grossmont-Cuyamaca Community College, CA, 2) \$159MM Northeastern University, MA, and 3) \$59.8MM Tufts University, MA.

On the general municipal calendar, there is a light \$5.0Bn scheduled. Highlights include 1) \$675MM Clark County School District, NV, 2) \$500MM Miami-Dade County School Board, FL, and 3) \$273MM Energy Northwest.



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MuniMarket Pulse podcast—Wolfe Warns of a “Half-Baked Solution” to Student Loans, Predicts Inefficiencies. Part four of a Special Series on the Student Loan Credit Crunch. 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
5-May	172.4	California Educ Fac	Stanford Univ	CA	Rev	Aaa/AAA/AAA	14	Goldman Sachs	N
5-May	231.4	University of Virginia		VA	Rev	Aaa/AAA/AAA	40	Morgan Stanley	N
5-May	13.1	Des Moines Community College		IA	GO ULT	Aa2/---/---	09-18	Northland Securities	C
5-May	10.3	Des Moines Community College		IA	GO ULT	Aa2/---/---	09-18	Griffin Kubik	C
1-May	25.0	Iowa Board of Regents	State Univ of Iowa	IA	Rev	Aa2/AA/---	11-35	Harris N.A.	C
1-May	15.7	University of Iowa Facilities Corp	Univ of Iowa	IA	Rev	Aa2/AA/---	09-20	Merrill Lynch	C
28-Apr	37.6	Alabama State University		AL	Rev	Aaa/AAA/---	10-38	Blount Parrish	N
28-Apr	19.2	Conway Pub Fac Board	Hendrix College	AR	Rev	---/A/---	09-28, 33, 38	Stephens Inc.	N
28-Apr	292.8	Miami-Dade County Educ Fac Auth	Univ of Miami	FL	Rev	A2/A/---	16-24, 28, 38	Morgan Stanley	N
28-Apr	40.3	Miami-Dade County Educ Fac Auth	Univ of Miami (Taxable)	FL	Rev	A2/A/---	15	Morgan Stanley	N
28-Apr	67.4	Pennsylvania Higher Ed Fac	Univ of Sciences	PA	Rev	Aaa/AAA/---	13-28, 32, 37	UBS Securities	N
28-Apr	36.9	Pine Ridge Village	Northern Arizona Univ	AZ	Rev	Aaa/AAA/---	09-26, 28, 33	RBC Dain	N

Highlighted Unenhanced Higher Education Issue Details & Spread Analysis

Conway Pub Fac Board	Maturity	Yield	+/- "AAA"
Hendrix College	2009	2.75	0.98
---/A/---	2010	3.00	0.65
Pricing Date: 4/28/08	2011	3.10	0.45
\$19.2; Negotiated	2012	3.35	0.47
	2013	3.50	0.49
	2014	3.60	0.45
	2015	3.80	0.51
	2016	3.95	0.52
	2017	4.10	0.53
	2018	4.25	0.55
	2019	4.40	0.57
	2020	4.50	0.56
	2021	4.60	0.56
	2022	4.70	0.58
	2023	4.75	0.55
	2024	4.85	0.57
	2025	4.88	0.55
	2026	4.90	0.52
	2027	4.95	0.52
	2028	5.00	0.52
	2033	5.13	0.52
	2038	5.20	0.54

Highlighted Enhanced Higher Education Issue Details & Spread Analysis

Alabama State University	Maturity	Yield	+/- "AAA"
Aaa/AAA/---	2010	3.00	0.65
(A2/A/---	2011	3.10	0.45
Enhanced: Assured Guaranty	2012	3.20	0.32
Pricing Date: 4/28/08	2013	3.45	0.44
\$37.6; Negotiated	2014	3.60	0.45
	2015	3.75	0.46
	2016	3.90	0.47
	2017	4.05	0.48
	2018	4.15	0.45
	2019	4.20	0.37
	2020	4.30	0.36
	2021	4.45	0.41
	2023	4.70	0.50
	2024	4.75	0.47
	2025	4.80	0.47
	2028	4.88	0.40
	2033	4.98	0.37
	2038	5.08	0.42

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
12-May	10.0	Angelina County Jr College Dist		TX	GO LT	---/---/---	10-34		C
12-May	39.4	Arkadelphia Pub Ed Fac	Ouachita Baptist Univ	AR	Rev	---/---/---		Stephens Inc.	N
12-May	190.0	Grossmont-Cuyamaca Comm Coll Dist		CA		---/---/---		Citigroup	N
12-May	159.0	Mass Health & Educ Facilities Auth	Northeastern Univ	MA	Rev	---/---/---		Lehman Brothers	N
12-May	59.8	Mass Health & Educ Facilities Auth	Tufts Univ	MA	Rev	---/---/---	28	Lehman Brothers	N
12-May	11.5	Minnesota Higher Ed Fac	St. John's Univ	MN	Rev	A2/---/---	09-18	RBC Capital Mkts	N
12-May	12.4	Portland Community College Dist		OR	GO ULT	Aa2/AA/---	08-12		C

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