



Debt & Derivative Advisors

Leaders in Higher Education Finance

Market Update: Higher Education

www.soundcapital.com

April 15, 2008

Talk to one of our Debt and Derivative Advisors:

Johan Rosenberg (952) 746-6030
John Trefethen (952) 746-6040

Farah Lotia (952) 746-6171
Cynthia Heneage (952) 746-6045

Steve Johnson (952) 746-6035
Erik Kelly (952) 746-6055

General High Grade and Higher Education Yield Curves

	AAA GO	Insured Higher Ed	BBB Higher Ed	SWAPs	
				SIFMA	67% of LIBOR
2 Yr	2.17	2.72	3.65	2.09	1.75
5 Yr	2.87	3.27	4.36	2.63	2.30
10 Yr	3.56	3.88	5.00	3.13	2.79
20 Yr	4.33	4.57	5.64	3.58	3.09
30 Yr	4.48	4.58	5.92	3.68	3.15

Higher Education Market News

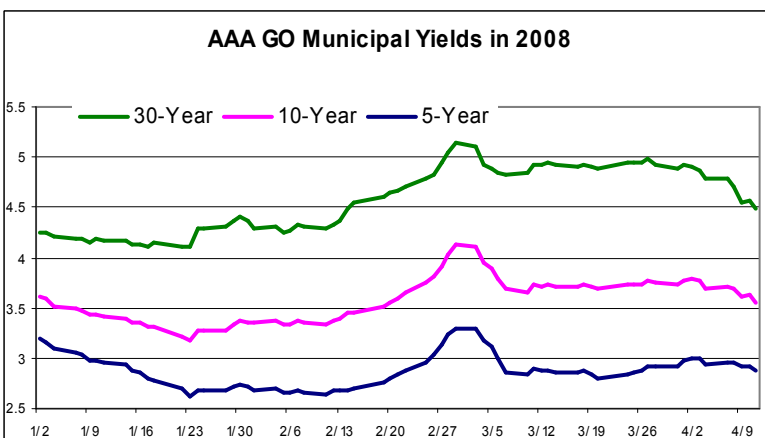
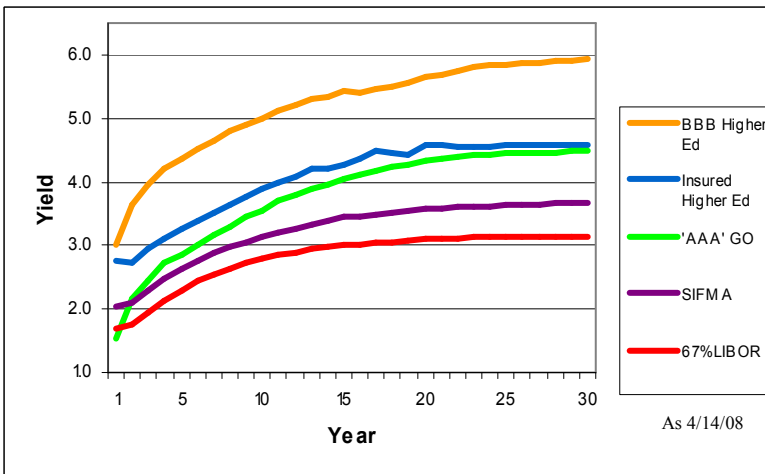
The Dow fell 256 points (2%) on Friday after General Electric, the second largest US company by market value, reported a 5.8% drop in quarterly earnings, well below analysts' estimates. GE's shares fell 13%. Investors took the report as a sign that the **credit and liquidity crises may have a larger impact on corporate earnings than anticipated**. The Dow fell 2.3% on the week.

Treasury yields fell across the curve, 6 to 15 basis points on the short end and 1 to 2 basis points on the long end. AAA GO Municipal yields also fell across the curve, 0 to 14 basis points on the short end, and **28 to 30 basis points in the longer term**.

On 4/4/08, Fitch downgraded MBIA to AA from AAA. MBIA had requested that Fitch remove its insurer financial strength rating in early March.

On the calendar for higher education, there is a moderate \$640MM. Highlights for the week include: 1) \$307MM University of Miami, 2) \$116MM Quinnipiac University, and 3) \$71MM New Jersey City University.

In the general municipal calendar, there is a heavy week with \$8.4Bn of new issuance scheduled. Highlights include 1) \$2Bn State of Connecticut Teachers Retirement Fund, 2) \$641MM County of Sacramento Airport, and 3) \$475MM City of New York GO.



Advertisement

MuniMarket Pulse podcast - Frank Hoadley of Wisconsin Says Change-Over to Global Rating Scales Would Be "Very Disruptive"
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
7-Apr	18.1	Arizona Board of Regents	University of Arizona	AZ	Rev	Aa3/AA/---	09-18	Wachovia	N
7-Apr	32.9	Ferris State University		MI	Rev	Aaa/AAA/---	08-26, 28	Wachovia	N
7-Apr	282.7	NY State Dorm Auth	Columbia University	NY	Rev	Aaa/AAA/---	13, 38	Morgan Stanley	N
7-Apr	61.5	Univ. of N. Carolina-Wilmington		NC	COP	Aaa/AAA/---	10-24, 27, 32, 38	Banc of America	N
31-Mar	39.4	Connecticut Health & Ed	Fairfield University	CT	Rev	A3/A/---	08-27, 34	JPMorgan	N
31-Mar	256.0	Met Gov of Nash & Dvdsn Hlth & Ed.	Vanderbilt University	TN	Rev	Aa2/AA/AA	09-18	Merrill Lynch	N
31-Mar	86.0	Pennsylvania State University		PA	Rev	Aa2/AA/---	08-29	Lehman Brothers	N
31-Mar	323.0	Regents of the Univ of Cal Med Ctr		CA	Rev	Aa2/AA/---	09-27	Lehman Brothers	N
31-Mar	112.1	Waco Education Finance Corp	Baylor University	TX	Rev	---/AA/AA-	19-36	Lehman Brothers	N
31-Mar	123.8	Western Michigan University		MI	Rev	Aaa/AAA/---	09-23, 28, 32	Lehman Brothers	N

Highlighted Unenhanced Higher Education Issue Details & Spread Analysis

Connecticut Health & Ed Fairfield University	Maturity	Yield	+/- "AAA"
A3/A/---	2008	1.80	0.15
	2009	2.00	0.35
Pricing Date: 3/31/08	2010	2.67	0.45
\$39.4; Negotiated	2011	3.00	0.52
	2012	3.31	0.54
	2013	3.47	0.55
	2014	3.64	0.55
	2015	3.80	0.55
	2016	3.96	0.54
	2017	4.12	0.53
	2018	4.24	0.51
	2019	4.43	0.54
	2020	4.54	0.54
	2021	4.64	0.53
	2022	4.74	0.52
	2023	4.84	0.52
	2024	4.94	0.51
	2025	5.03	0.51
	2026	5.08	0.48
	2027	5.12	0.46
	2034	5.15	0.28

Highlighted Enhanced Higher Education Issue Details & Spread Analysis

Univ of N. Carolina - Wilmington	Maturity	Yield	+/- "AAA"
Aaa/AAA/---	2010	2.77	0.55
(A2/A/---	2011	2.97	0.48
Enhanced: Assured	2012	3.19	0.40
Pricing Date: 4/7/08	2013	3.35	0.40
\$61.5; Negotiated	2014	3.50	0.38
	2015	3.65	0.37
	2016	3.78	0.35
	2017	3.91	0.33
	2018	4.04	0.32
	2019	4.16	0.30
	2020	4.26	0.30
	2021	4.36	0.30
	2022	4.40	0.24
	2023	4.48	0.23
	2024	4.58	0.24
	2027	4.72	0.16
	2032	4.85	0.10
	2038	4.89	0.10

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
14-Apr	116.4	Connecticut Health & Ed	Quinnipiac University	CT	Rev	Aaa/AAA/---		JPMorgan	N
14-Apr	56.4	Houston Community College		TX	Rev	---/---/---	09-30	Siebert Brandford	N
14-Apr	59.8	Mass Health & Educ Facilities Auth	Tufts University	MA	Rev	---/---/---	28	Lehman Brothers	N
14-Apr	307.0	Miami-Dade County Educ Fac Auth	University of Miami	FL	Rev	A2/A/---		Morgan Stanley	N
14-Apr	40.0	Miami-Dade County Educ Fac Auth	University of Miami (Tax)	FL	Rev	A2/A/---		Morgan Stanley	N
14-Apr	70.9	NJ Educ Fac Auth	NJ City University	NJ	Rev	Aaa/---/AAA	09-19, 23, 28, 35	Morgan Stanley	N

The foregoing information and opinions are for general information use only and readers should not rely solely on this information, but should undertake their own inquiries and seek third-party advice before making any decisions. Sound Capital does not guarantee their accuracy or completeness, nor does Sound Capital assume any liability for any loss which may result from the reliance by any person upon such information or opinions. The information herein is not an offer or a solicitation to buy or sell any instrument or to participate in any particular trading strategy. No representation is made that any returns indicated will be achieved or that all relevant factors have been considered or stated. Past performance is not necessarily indicative of future results. Price and availability are subject to change without notice.