



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	2.63	2.69	3.15	2.13	1.71
5 Yr	3.30	3.34	3.97	2.75	2.28
10 Yr	4.12	4.19	4.93	3.36	2.86
20 Yr	5.05	5.32	5.76	3.84	3.22
30 Yr	5.14	5.42	6.02	3.96	3.28

Higher Education Market News

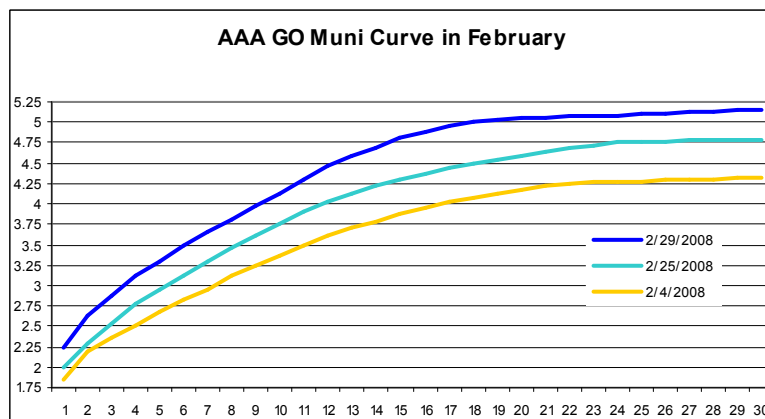
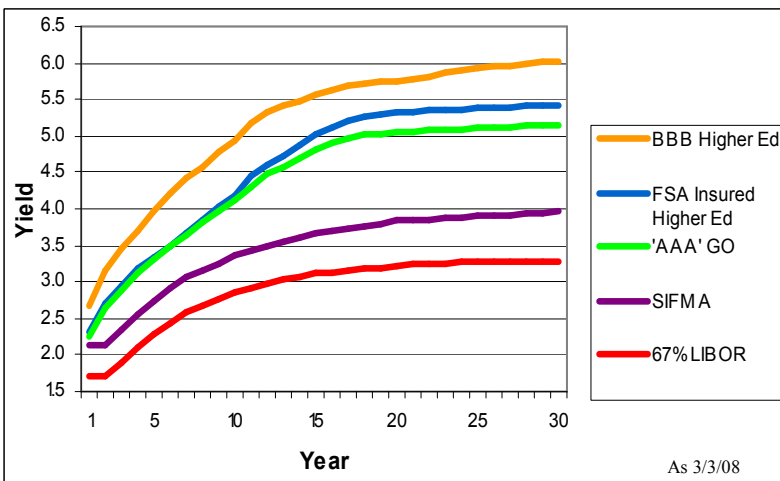
After capping its fourth straight day of gains on Wednesday, the **Dow declined sharply on Thursday and Friday, ending the week down 0.9%**. Investors were optimistic after Moody's and Standard & Poor's both **affirmed their triple-A ratings on the two largest bond insurers, MBIA and Ambac** on Monday and Tuesday.

Economic data on Thursday triggered the decline in equities and a rally in Treasuries as the PPI inflation indicator came in higher than expected and Consumer Confidence and New Home Sales came in weaker than expected. On Wednesday, Fed Reserve Chairman **Ben Bernanke** stated in testimony to the House Financial Services Committee that the Fed would **"act in a timely manner"** as needed to support growth and to provide adequate insurance against downside risks." Many economists are concerned about the risks of stagflation in the months ahead - inflation coupled with stalling economic growth. Among factors contributing to the fear are **oil as it climbed to an all-time high of \$103.95** a barrel in intraday trading on Monday (3/3/08), rising food prices, and the plummeting dollar against the Euro and the Yen.

AAA GO municipal rates jumped last week, from 25-33 basis points on the front end to 40+ basis points on the long end. The effects of the continuing failed auctions in the auction rate market have spilled over into the variable rate and fixed rate markets as market uncertainty continues.

On the higher education new-issuance calendar for the week, there is a **heavy \$369MM scheduled**. Highlights include 1) \$99MM Pennsylvania State System of Higher Education, 2) \$103MM Biola University, CA, and 3) 59.8MM Tufts University, MA.

In the general municipal market, there is \$10.1Bn on the new-issue calendar for the week, **the heaviest week yet in 2008**. Highlights include 1) \$1.8Bn Texas Tollway Authority, 2) \$1.75Bn State of California GO Bonds, and 3) \$1.3Bn Puerto Rico Aqueduct & Sewer Authority.



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MuniMarket Pulse podcast - Matt Fabian of Municipal Market Advisors Says U.S. Congress Is "Amenable" and Likely To Aid Auction Rate Issuers.
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
27-Feb	30.6	Illinois State University		IL	Rev	Aaa/AAA/---	11-25,28,33	Edward Jones	C
26-Feb	23.6	Truman State University Housing		MO	Rev	A2/---/---	10-21,26,37	George K. Baum	C
25-Feb	20.0	California Educational Facilities Auth	Occidental College	CA	Rev	Aa3/---/---	10-23,28,38	Banc of America	N
25-Feb	97.7	Mass Health & Educ Facilities Auth	Boston College	MA	Rev	Aa3/AA-/---	27,28,30,35	Lehman Brothers	N
25-Feb	36.6	Mass Health & Educ Facilities Auth	Boston College	MA	Rev	Aa3/AA-/---	23-26	Lehman Brothers	N
25-Feb	114.2	University of Akron		OH	Rev	Aaa/AAA/AAA	11-25,28,38	Morgan Stanley	N
18-Feb	55.0	Lycoming County Authority	Penn. College of Tech	PA	Rev	Aaa/---/---	16-22,27,37	NatCity	N
18-Feb	95.7	Mass State College Building Auth		MA	Rev	Aaa/AAA/---	09-28,33,38	Bear Stearns	N

Highlighted Higher Education Issue Details & Spread Analysis

Truman State University, MO	Maturity	Yield	+/- "AAA"
A1/---/---	2010	2.50	0.10
Pricing Date: 2/26/08	2011	2.75	0.12
\$23.6; Competitive	2012	3.00	0.15
	2013	3.20	0.17
	2014	3.40	0.21
	2015	3.55	0.20
	2016	3.75	0.24
	2017	4.00	0.33
	2018	4.10	0.28
	2019	4.25	0.29
	2020	4.40	0.32
	2021	4.50	0.32
	2026	5.00	0.43
	2033	5.15	0.34
	2037	5.25	0.43

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
3-Mar	17.9	Arizona Board of Regents	University of Arizona	AZ	Rev		09-18	Wachovia	N
3-Mar	34.0	California Community College		CA	COPS			RBC	N
3-Mar	103.0	California Municipal Finance Auth	Biola University	CA	Rev	Baa1/---/---		Lehman Brothers	N
3-Mar	19.0	Eastern Illinois University		IL	Rev	Aaa/AAA/---		Lehman Brothers	N
3-Mar	14.6	Kansas Independent College Assoc	Ottawa University	KS	Rev		09-23,28,33	Edward Jones	N
3-Mar	59.8	Mass Health & Educ Facilities Auth	Tufts University	MA	Rev		28	Lehman Brothers	N
5-Mar	99.0	Pennsylvania Higher Ed Fac Authority	PA State Sys of Higher Ed	PA	Rev				C
11-Mar	12.0	Iowa State Board of Regents	University of Northern Iowa	IA	Rev	A2/A/---	16-35		C
11-Mar	10.6	Iowa State Board of Regents	Iowa St Univ of Sci & Tech	IA	Rev		09-19		C

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