



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	2.07	2.13	2.59	1.98	1.83
5 Yr	2.70	2.74	3.37	2.67	2.45
10 Yr	3.46	3.53	4.27	3.32	3.01
20 Yr	4.35	4.62	5.06	3.83	3.36
30 Yr	4.55	4.83	5.43	3.95	3.42

Higher Education Market News

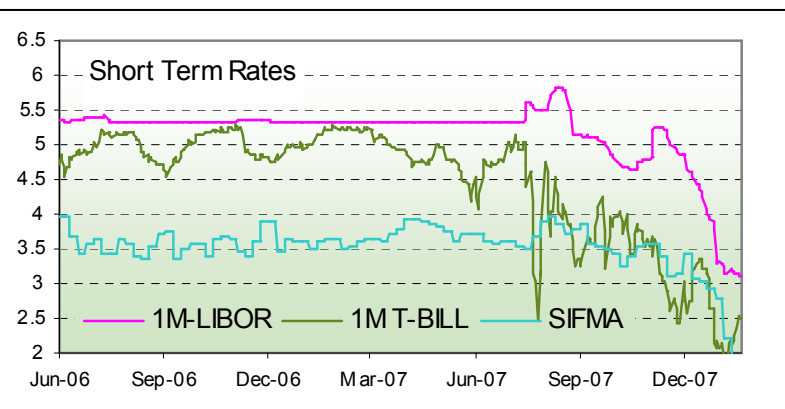
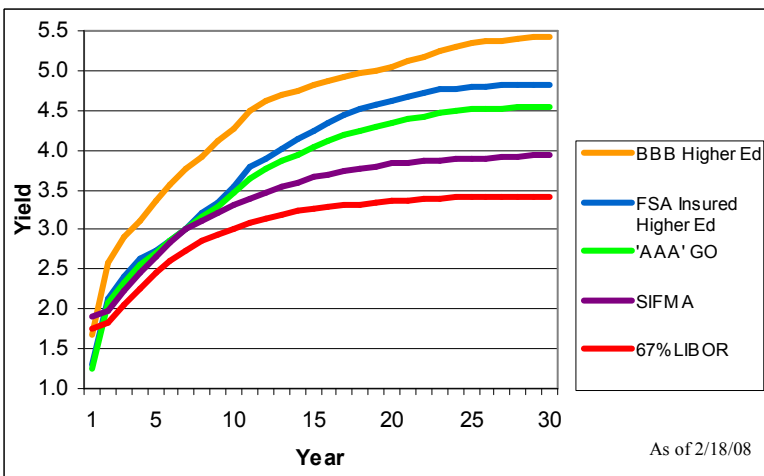
Last week was full of mixed economic data. The surprise came Wednesday, as retail sales for the 4th quarter showed a 0.3% increase over the previous quarter when economists expected a -0.3% decline. In negative news, the **Reuters/University of Michigan index of consumer sentiment fell to 69.6** from 78.4 the previous month, **marking a 16-year low**. A reading below 72 for this leading economic indicator generally signals economic contraction.

The Dow ended the relatively stable week up 1.4%, closing at 12348 on Friday. Treasuries were quite volatile with rates rising over the course of the week. The 10-year Treasury yield was up 12 bps closing the week at 3.77%, and the 30-year up 16 bps to 4.58%.

The House Financial Services' subcommittee on capital markets convened Thursday to discuss the state of the bond insurers. Lawmakers suggested creating a regulatory position on the federal level that would oversee the bond insurance industry. After New York Insurance Superintendent Eric Dinallo proposed splitting up the bond insurers to protect municipalities, FGIC announced on Friday that it wants to split into two companies. **FGIC was downgraded to A3 from Aaa on Thursday by Moody's.**

There is a light \$444MM on the municipal calendar for higher education. Highlights include 1) \$141.2MM Boston College, MA, 2) \$90MM Mass State College Building Authority, and 3) \$59MM Tufts University, MA.

Due in part to the holiday-shortened week, there is a light \$2.3Bn on the general municipal calendar. Highlights include 1) \$385MM New York Local Government Assistance, 2) \$215MM Chattanooga Electric Power, TN, and 3) \$180MM City of Orlando, FL.



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MuniMarket Pulse podcast - Howard Mackey, President of Rice Financial Says there is a "Tremendous Cloud" Over the Ratings Agencies. 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
12-Feb	10.0	Iowa Central Community College		IA	GO ULT	Aaa/---/---	09-27	Griffin Kubik	C
11-Feb	90.8	University of Akron		OH	Rev	Aaa/AAA/AAA	11-29,33,38	Morgan Stanley	N
7-Feb	25.0	Iowa State Board of Regents	School of Science and Tech	IA	Rev	Aa3/A+/---	11-35	UBS	C
7-Feb	20.2	Texas Public Finance Authority	Stephen F.Austin Univ.	TX	Rev	Aaa/---/AAA	08-27	Southwest Sec	C
4-Feb	88.3	Indiana University Board of Trustees		IN	Rev	Aa1/AA/---	08-27, 32	JP Morgan	N
4-Feb	56.1	Pennsylvania Higher Education Auth	Edinboro University	PA	Rev	Baa3/BBB-/---	18,28,38,42	RBC Capital	N

Highlighted Higher Education Issue Details & Spread Analysis

Indiana University Board of Trustees Aa1/AA/---	Maturity	Yield	+/- "AAA"
	2009	1.80	-0.05
Pricing Date: 2/4/08	2010	2.24	0.04
\$88.3; Negotiated	2011	2.47	0.11
	2012	2.64	0.12
	2013	2.82	0.13
	2014	2.96	0.14
	2015	3.11	0.15
	2016	3.27	0.16
	2017	3.41	0.17
	2018	3.54	0.17
	2019	3.68	0.19
	2020	3.80	0.19
	2021	3.89	0.19
	2022	3.97	0.18
	2023	4.05	0.17
	2024	4.27	0.31
	2025	4.36	0.33
	2026	4.43	0.35
	2027	4.43	0.30
	2028	4.48	0.30
	2029	4.53	0.31
	2030	4.56	0.32
	2032	4.65	0.38

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
18-Feb	55.0	Lycoming County Authority College	Penn. College of Tech	PA	Rev		16-22,27,37	NatCity	N
18-Feb	141.2	Mass Health & Educ Facilities Auth	Boston College	MA	Rev	Aa3/AA-/---		Lehman Brothers	N
18-Feb	59.8	Mass Health & Educ Facilities Auth	Tufts University	MA	Rev	Aa2/AA-/---	28	Lehman Brothers	N
18-Feb	90.0	Mass State College Building Auth		MA	Rev			Bear Stearns	N
18-Feb	98.0	San Jose Evergreen Comm College Dis		CA	GO ULT		10-32	RBC Capital	N

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