



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	2.97	3.02	3.49	2.94	2.79
5 Yr	3.22	3.27	3.89	3.17	2.99
10 Yr	3.67	3.79	4.48	3.52	3.28
20 Yr	4.28	4.45	4.99	3.87	3.48
30 Yr	4.40	4.58	5.28	3.97	3.50

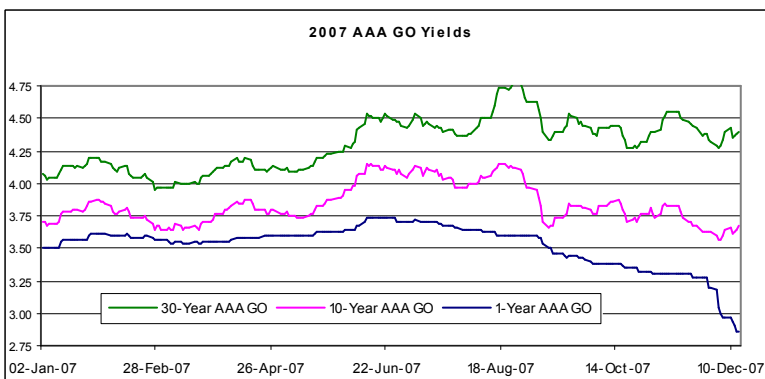
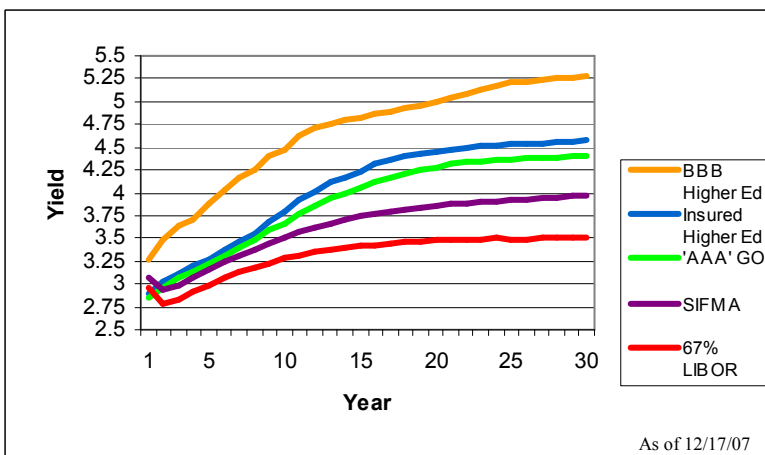
Higher Education Market News

Last Tuesday, the Federal Open Market Committee **cut the Fed Funds rate 25 basis points to 4.25% from 4.5%**. This marks the third cut in a row since September 18th. In the midst of slow economic growth projections for 2008, and continued expected write downs from some of the nation's largest banks, much of the market was expecting a 50 basis point cut. The market was clearly disappointed with the announcement, as the Dow dropped 294.26 points, or 2.1% on the day. The next FOMC announcement is expected January 30th, 2008.

Treasuries for the week showed significant losses as the yield on the 2-year T-note rose 18 basis points to 3.29% on the week, and the 10-year T-note rose 12 basis points to 4.23%. **Yields on 1-year to 7-year AAA GO munis are at their lowest point** in more than two years. Demand for pure AAA GO paper has increased dramatically as a cloud of uncertainty has surrounded bond insurers in respect to their exposure to sub-prime investments. Credit spreads have widened, in turn, because of this demand for pure AAA paper. Moody's released a report on the bond insurers last Friday in which **FGIC and XL Capital were placed on watch for possible downgrade**. MBIA and CIFG had their Aaa ratings affirmed but were assigned a negative ratings outlook.

The new issuance calendar for the week is extremely light, as expected, as we near the holiday week. In higher education, there is just \$85MM on the calendar for the week. Highlights include 1) \$55MM Pennsylvania College of Technology, and 2) \$30MM Robert Morris College, IL.

In the general market calendar, just \$1.0Bn of bonds are set to price this week. Highlights for the week include 1) \$386MM Indianapolis Local Public Improvement Bond Bank, 2) \$113.3MM Michigan Housing Development, and 3) \$43.6MM Camden Public Service Authority, GA.



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MuniMarket Pulse Podcast: Listen to Bill Elliot of PNC Capital Markets talk about Higher Ed financing and current Letter of Credit costs. 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
10-Dec	48.2	Jacksonville State University		MS	Rev	Aaa/AAA/AAA	34	Morgan Stanley	N
10-Dec	18.2	Kansas Dev Fin Auth	University of Kansas Law	KS	Rev	Aaa/AAA/---	09-27	Wachovia	N
10-Dec	223.6	Desert Community College District		CA	GO ULT	Aaa/AAA/---	32,37	UBS Securities	N
10-Dec	50.0	Gavilan Jt Community College District		CA	GO ULT	Aaa/AAA/---	08-32	UBS Securities	N
5-Dec	110.0	San Francisco Community College		CA	GO ULT	Aaa/AAA/---	09-26,31	Piper Jaffray	C
4-Dec	25.0	Iowa State Board of Regents	St University of Iowa	IA	Rev	Aaa/---/---	10-29	Piper Jaffray	C
3-Dec	14.0	Southern Arkansas University		AR	Rev	Aaa/---/---	08-20,32,39	Stephens Inc	N
3-Dec	86.6	Oregon Facilities Authority	University of Portland	OR	Rev	---/BBB+/---	08-32	Seattle NW	N
3-Dec	90.2	Atlanta Developmental Authority	Science Park, LLC	GA	Rev	A1/---/---	11-22,27,39	George K. Baum	N
3-Dec	124.9	University of New Mexico		NM	Rev	Aaa/AAA/---	11-27,32,36	RBC Cap	N
3-Dec	11.8	University of New Mexico	(Taxable)	NM	Rev	Aaa/AAA/---	11-17,24	RBC Cap	N
3-Dec	89.2	University of Cincinnati		OH	Rev	Aaa/AAA/---	10-25,28,34	RBC Cap	N
3-Dec	23.6	University of Nebraska		NE	Rev	Aa2/AA-/---	10,18	Ameritas	N
3-Dec	45.5	Illinois Finance Authority	Roosevelt University	IL	Rev	Baa1/---/A-	17-20,27,37	Lehman Bros	N
3-Dec	72.7	University of Illinois		IL	COPS	Aaa/AAA/---	08-27	JP Morgan	N

Highlighted AAA Higher Education Issue Details & Spread Analysis

University of Cincinnati	Maturity	Yield	+/- "AAA"
Aaa/AAA/---	2010	3.19	0.05
(A2/A+/---	2011	3.22	0.05
Enhanced: MBIA	2012	3.28	0.05
Pricing Date: 12/3/07	2013	3.35	0.06
\$89.2; Negotiated	2014	3.44	0.07
	2015	3.51	0.07
	2016	3.62	0.10
	2017	3.72	0.12
	2018	3.84	0.15
	2019	3.93	0.16
	2020	4.01	0.17
	2021	4.07	0.17
	2022	4.13	0.17
	2023	4.21	0.19
	2024	4.27	0.19
	2025	4.31	0.19
	2028	4.38	0.17
	2029	4.40	0.17
	2034	4.43	0.15

* 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
17-Dec	30.0	Illinois Finance Authority	Robert Morris College	IL	Rev	---/AAA/---	08-22,27,30	JP Morgan	N
17-Dec	55.0	Lycoming County Authority	Penn College of Tech	PA	Rev	---/---/---	16-22,27,37	NatCity	N
17-Dec	32.8	Maryland Health Educ Fac Auth	Goucher College	MD	Rev	---/A-/---	19,21,24,37	Banc of America	N
24-Dec	47.0	New Hampshire Health & Educ	(Taxable)	NH	Rev	---/---/---	28	Lehman Bros	N

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