



Debt & Derivative Advisors

Leaders in Higher Education Finance

Market Update: Higher Education

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Talk to one of our Debt and Derivative Advisors:

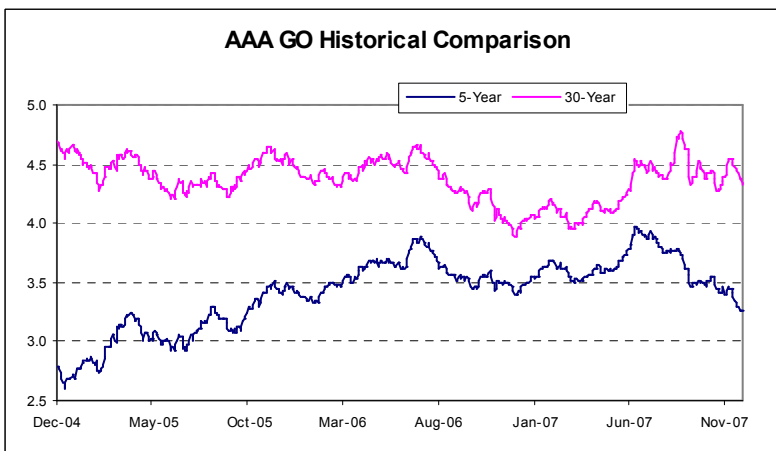
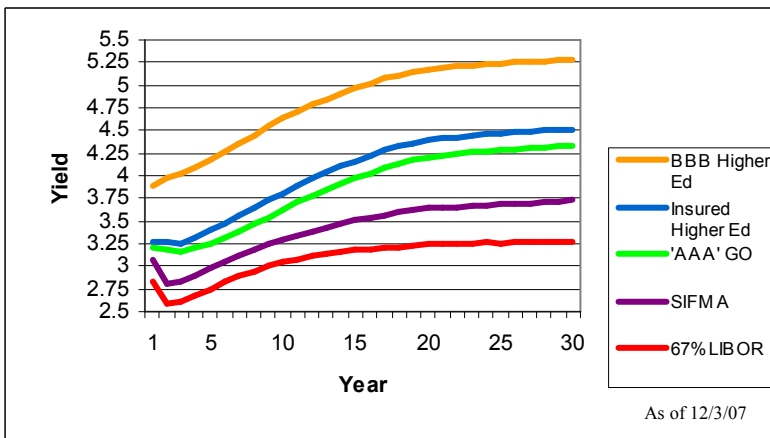
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General High Grade and Higher Education Yield Curves

	AAA GO	Insured Higher Ed	BBB Higher Ed	SWAPs	
				SIFMA	67% of LIBOR
2 Yr	3.18	3.27	3.98	2.81	2.58
5 Yr	3.26	3.40	4.17	2.98	2.75
10 Yr	3.62	3.81	4.63	3.30	3.04
20 Yr	4.20	4.39	5.17	3.64	3.24
30 Yr	4.32	4.51	5.27	3.73	3.27



Higher Education Market News

Markets continue to be volatile in recent weeks. After reaching its all time high on October 9th, closing at 14,165, the **Dow fell 10% over the following eight weeks** when it hit 12,743 last Monday (11/26). A 10% fall fits the technical definition of a market correction. The drop in equities triggered the **10-year Treasury to yield 3.83% last Monday**, its lowest point in over three and a half years, signaling yet another flight to quality. The market saw a large recovery last week since Monday, however, as the Dow was up 4.9% on Friday from Monday's close, closing at 13,371.

The Federal Open Market Committee is meeting on December 11th. After recent statements by Fed officials, and amid growing economic concerns related to the sub-prime mortgage crisis, the markets are betting on another Fed Funds rate cut. Trading on **options and Fed Futures suggests a 97% chance that the Fed will announce a cut of at least 25 basis points.** The current Fed Funds rate is 4.5%.

In municipals during the month of November, the benchmark AAA GO yield curve dropped 10-15 basis points on the short end, and 4-7 basis points on the long end of the curve. **Yields on the 3-7 year AAA GOs are at their lowest point since October 2005.** The graph (bottom left) illustrates this low point in the 5-year AAA GO over the past 3 years.

This week in higher education, there is a moderate to heavy calendar with over \$600MM in new issuance. Highlights include 1) \$140MM University of New Mexico, \$11.1MM of which is taxable, 2) \$95MM University of Cincinnati, 3) \$86.9 University of Portland, Oregon, 4) \$73.6MM University of Illinois, and 5) \$46MM Roosevelt University, Illinois.

The general municipal calendar also sees a heavy week of new issuance with **\$8.5Bn in total visible supply.** Highlights include 1) **\$1.07Bn Alabama Public School & College Authority**, 2) \$748.64MM Puerto Rico Public Building Authority, 3) \$706MM Commonwealth of Pennsylvania GO, and 4) \$534.7 State of Connecticut GO.

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MuniMarket Pulse Podcast: Listen to Peter Hill of bond insurance company ACA Financial Guaranty talk about ACA's financial hurdles ahead. Go to www.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
29-Nov	40.0	Red River Education Finance Corp	Texas Christian Univ	TX	Rev	Aaa/AAA/AAA	12-25,28,38	UBS	C
27-Nov	17.0	Santa Fe Community College District		NM	GO LT	Aa2/---/---	09-13	Morgan Stanley	C
27-Nov	40.2	New Jersey Educational Fac Auth	Richard Stockton College	NJ	Rev	Aaa/---/AAA	09-31,34,37	Citigroup	C
26-Nov	71.1	Louisiana State University		LA	Rev	Aaa/---/AAA	8-22,27,37	Morgan Keegan	N
26-Nov	39.3	Louisiana Public Facilities	Grambling University	LA	Rev	Aaa/AAA/---	15-17,22,39	RBC Cap	N
26-Nov	58.8	South Regional Joint Development	Valdosta St. University	GA	Rev	Aaa/---/---	10-27,32,38	Wachovia	N
26-Nov	134.6	Connecticut Health & Ed	Quinnipiac University	CT	Rev	Aaa/AAA/---	12-28	JP Morgan	N
19-Nov	18.2	Grand Rapids Community College		MI	GO ULT	Aaa/AAA/---	10-22	UBS Securities	N

Highlighted AAA Higher Education

Issue Details & Spread Analysis

Connecticut Health & Education	Maturity	Yield	+/- "AAA"
Quinnipiac University	2012	3.34	0.08
Aaa/AAA/---	2013	3.42	0.10
(A2/A/---)	2014	3.51	0.12
Enhanced: MBIA	2015	3.59	0.13
Pricing Date: 11/26/2007	2016	3.71	0.17
\$134.6; Negotiated	2017	3.78	0.16
	2018	3.89	0.18
	2019	3.98	0.18
	2020	4.03	0.17
	2021	4.11	0.19
	2022	4.17	0.19
	2023	4.23	0.19
	2024	4.28	0.18
	2025	4.31	0.17
	2026	4.35	0.17
	2027	4.38	0.16
	2028	4.58	0.34*

* Yield to maturity

* 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-Dec	32.8	Maryland Health Educ Fac Auth	Goucher College	MD	Rev	---/A/---	19,21,24,37	Banc of America	N
3-Dec	46.0	Illinois Finance Authority	Roosevelt University	IL	Rev	---/---/---		Lehman Bros	N
3-Dec	29.4	Illinois Finance Authority	Robert Morris College	IL	Rev	---/AAA/---	08-22,27,30	JP Morgan	N
3-Dec	73.6	University of Illinois		IL	Rev	---/---/---		JP Morgan	N
3-Dec	14.0	Southern Arkansas University		AR	Rev	Aaa/---/---		Stephens Inc	N
3-Dec	86.9	Oregon Facilities Authority	University of Portland	OR	Rev	---/BBB+/---	08-32	Seattle NW	N
3-Dec	90.5	Atlanta Developmental Authority	Science Park, LLC	GA	Rev	A1/---/---	11-22,27,39	George K. Baum	N
3-Dec	129.9	University of New Mexico		NM	Rev	---/---/---	08-35	RBC Cap	N
3-Dec	11.1	University of New Mexico	(Taxable)	NM	Rev	---/---/---	08-35	RBC Cap	N
3-Dec	95.0	University of Cincinnati		OH	Rev	---/---/---		RBC Cap	N
4-Dec	25.0	Iowa State Board of Regents	St University of Iowa	IA	GO ULT	Aa2/---/---	10-29		C
5-Dec	110.0	San Francisco Community College		CA	GO ULT	Aa3/AA/---	09-31		C
5-Dec	90.0	Georgia State Univ Research Center		GA	Rev	A1/---/---		GK Baum	N

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