



Leaders in Higher Education Finance

Debt & Derivative Advisors

Market Update: Higher Education

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Talk to one of our Debt and Derivative Advisors:

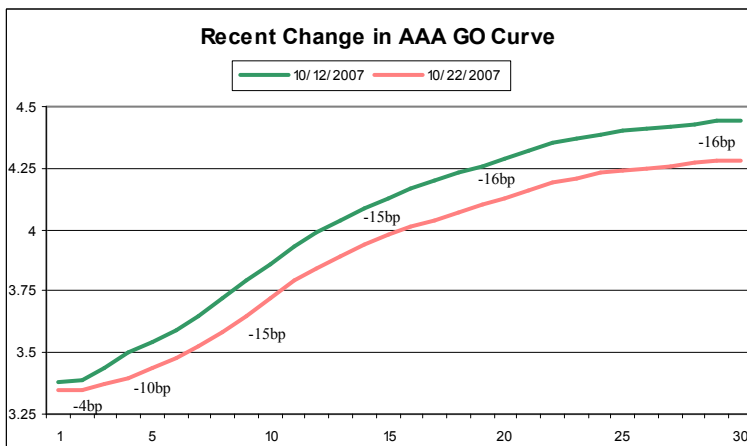
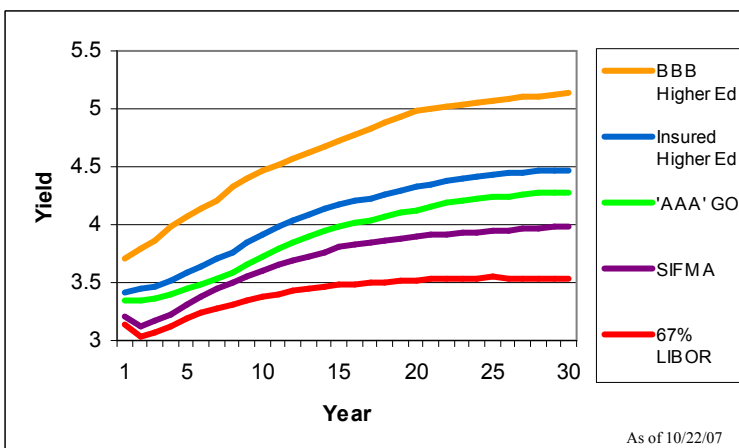
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General High Grade and Higher Education Yield Curve

	AAA GO	Insured Higher Ed	BBB Higher Ed	SWAPS	
				SIFMA	67% of LIBOR
2 Yr	3.35	3.44	4.15	3.12	3.04
5 Yr	3.44	3.58	4.35	3.30	3.18
10 Yr	3.72	3.91	4.73	3.61	3.38
20 Yr	4.12	4.32	5.10	3.90	3.52
30 Yr	4.28	4.47	5.23	3.99	3.54



Higher Education Market News

Rates rallied (declined) last week when credit concerns increased again as the market digested **weak earnings reports** from Citi, Wachovia, BOA, Caterpillar, and 3M. Also contributing to the decline in rates were September housing starts, which were lower than expected, signaling continued problems in the US housing market; and several adverse headlines on Special Investment Vehicles and the commercial paper market. The curve flattened as 2-year muni-cash underperformed the long end of the curve by 12 bps.

There is not a lot of primary market activity for Higher Education this week, with FGIC-insured \$71MM CA Long Beach Community College highlighting the calendar. The calendar outlook for the rest of the month is also light, with just over **\$155MM in visible supply**: 1) \$38.1MM Valparaiso University, 2) \$32.8MM Goucher College, rated A- by S&P, and 3) \$13.4MM Iowa State Board of Regents.

In the general market, the focus of the week will be on the **largest deal of the year**, as California is set to price **\$7Bn in revenue anticipation notes** that mature on June 30, 2008. Also, Ohio Buckeye Tobacco Settlement Financing Authority closed a \$5.5Bn issue Monday, the largest ever tobacco settlement issue. Additionally, **Tennergy's Prepay Gas at \$1.5Bn** and \$598MM MI State Building Authority might make a surprise appearance and add another \$2.1Bn to the week's supply.

There is strong demand for the tax-exempt variable rate market as crossover buyers continue to keep inventory levels low with taxable money market (LIBOR) rates dropping faster than the 1-week SIFMA index.

The economic calendar for the week includes September numbers for Existing Home Sales, Durable Goods, New Home Sales, and Homeowner Vacancy Rates.

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New Issue Summary

Recent Higher Education Transactions

Issues over \$10MM

Sale Dt	Issuing Authority	Borrower	ST	\$MM	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
16-Oct	Wayne State University		MI	37.0	Rev	/AAA/AAA	08-37	Goldman	N
15-Oct	Cook County College District #524		IL	73.8	GO ULT	AAA//	08-25	LaSalle	N
15-Oct	Maine Health & Higher Ed Fac Auth		ME	70.5	Rev	AAA//AAA	08-22,27	Cain Bros.	N
15-Oct	Shepherd University Board of Gov		WV	20.1	Rev	AAA//	08-17,22,37	Ferris Baker	N
15-Oct	University of Idaho	Univ of Idaho	ID	34.2	Rev	AAA/AAA/	41	Baum & Co.	N
15-Oct	University of Idaho	Univ of Idaho	ID	59.5	Rev	AAA/AAA/	11,41	Baum & Co.	N
8-Oct	University of California	Univ of California	CA	415.4	Rev	AAA/AAA/	12-32,37,41	Lehman	N
8-Oct	Los Angeles Community College District		CA	400.0	GO ULT	AAA/AAA/	08-24,27,32	Citigroup	N
8-Oct	California Educational Facilities Auth	Scripps College	CA	30.6	Rev	AAA//	08-29,32,37	E.J. de la Rosa	N
8-Oct	Lubbock Educational Facs Auth	Lubbock Christian	TX	22.6	Rev	/BBB/	08-17,27,37	Baum & Co.	N
8-Oct	Wisconsin St Health & Ed Fac Auth	Marquette University	WI	27.5	Rev	AAA//	08-23	Baird & Co.	N

Highlighted AAA Higher Education Issue Details & Spread Analysis

Wayne State University /AAA/AAA	Maturity	Yield	+/- "AAA"
MBIA Insured	2008	3.45	+0.07
(/AA-/AA-)	2009	3.48	+0.09
Pricing Date: 10/16/07	2010	3.54	+0.10
\$35.74; Negotiated	2011	3.61	+0.12
	2012	3.68	+0.14
	2013	3.74	+0.15
	2014	3.81	+0.17
	2015	3.89	+0.18
	2016	3.97	+0.19
	2017	4.04	+0.19
	2018	4.14	+0.23*
	2019	4.22	+0.25*
	2020	4.31	+0.29*
	2021	4.38	+0.31*
	2022	4.30	+0.19
	2024	4.37	+0.19
	2027	4.46	+0.19
	2034	4.70	+0.30*
	2037	4.59	+0.17

* These yields are priced to call

* 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	Issuing Authority	Borrower	ST	\$MM	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
22-Oct	Maryland Health Education Fac Auth	Goucher College	MD	32.8	Rev	/A-/	19,21,37	Bank of America	N
22-Oct	Long Beach Community College		CA	71.0	GO ULT		12-32	RBC Cap	N
22-Oct	Indiana Finance Authority	Valparaiso University	IN	38.1	Rev	///		PNC	N
31-Oct	Iowa State Board of Regents	IA St Univ of Science & Tech	IA	13.4	Rev	///	09-28		C

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