

## U.S. Private Primary And Secondary Schools Are Facing Growing Challenges

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# U.S. Private Primary And Secondary Schools Are Facing Growing Challenges

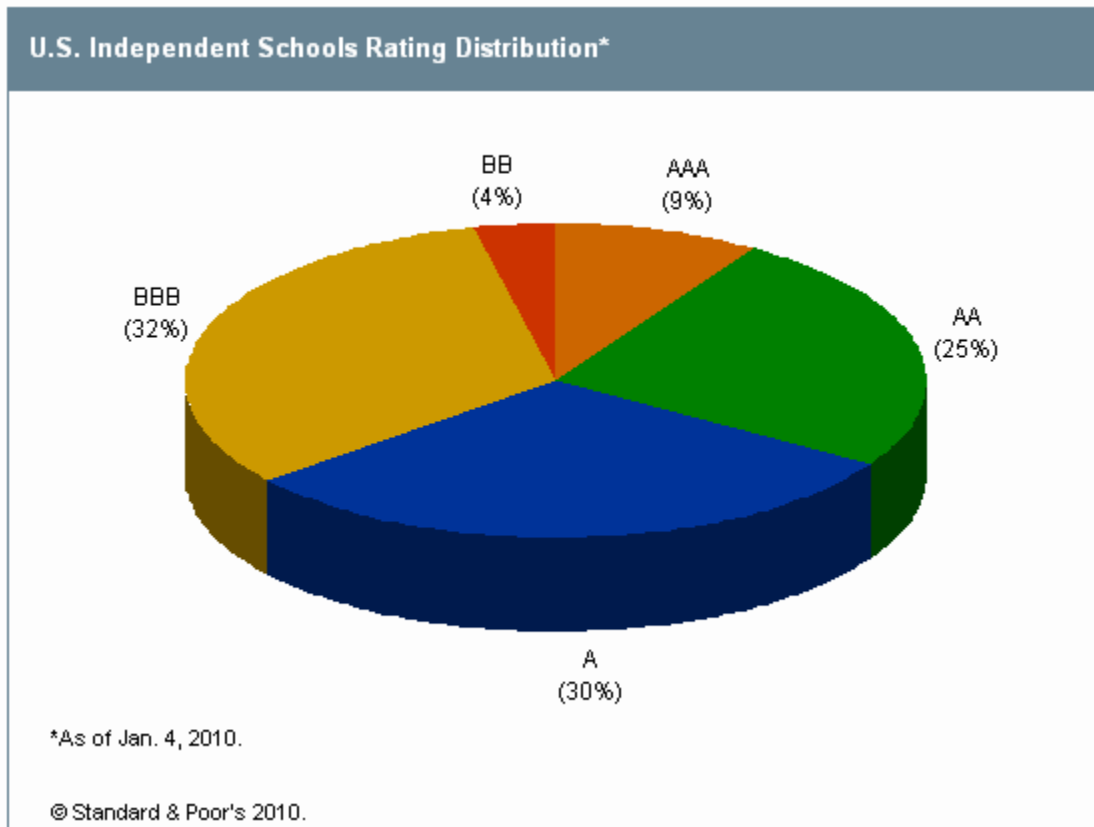
The past year has not been easy for rated private primary and secondary schools; however, we consider the long-term credit fundamentals for these issuers adequate. We also expect most schools to emerge from the current recession successfully even though we recognize that credit quality for most of them deteriorated somewhat. We believe the next two to three years will continue to test the sector with budget deficits, strained financial resources, and problems related to affordability.

We believe that the biggest risk currently facing the private school sector is the possibility of structural budget deficits and the challenge will be to reduce expenses to make up for lower revenues. While we believe most rated independent schools will successfully work through this period of increasing risk without major rating repercussions, some will have a more difficult task than others. The ability of private school's management teams to respond to economic and demographic changes will be critical for the maintenance of institutional strength and financial equilibrium and, ultimately, credit quality.

We have seen the rated universe of independent schools demonstrate resilience in prior recessions and periods of slow economic growth. Private elementary and secondary schools have found it easier to implement various strategies for curbing expenses compared with many colleges and universities. For example, given the lack of a tenure system, the private school sector has more freedom to reduce faculty and staff, or restructure employee benefits. Newer and complementary revenue strategies by independent schools include focusing on unrestricted giving, lowering endowment spending, strengthening fiscal management and board oversight, and enhancing focus on enterprise-risk management. Many institutions are also responding to the current environment by adjusting their risk profile; that is, reallocating invested assets in favor of more liquid and traditional asset classes, improving liquidity for operations and debt, restructuring debt from variable to fixed rate and bank-qualified debt, and terminating derivative contracts such as interest rate swaps.

Because of the current and historical operational flexibility, we have seen very few changes in the distribution of ratings across the rated universe and do not expect a shift away from the current rating distribution (see chart 1).

Chart 1

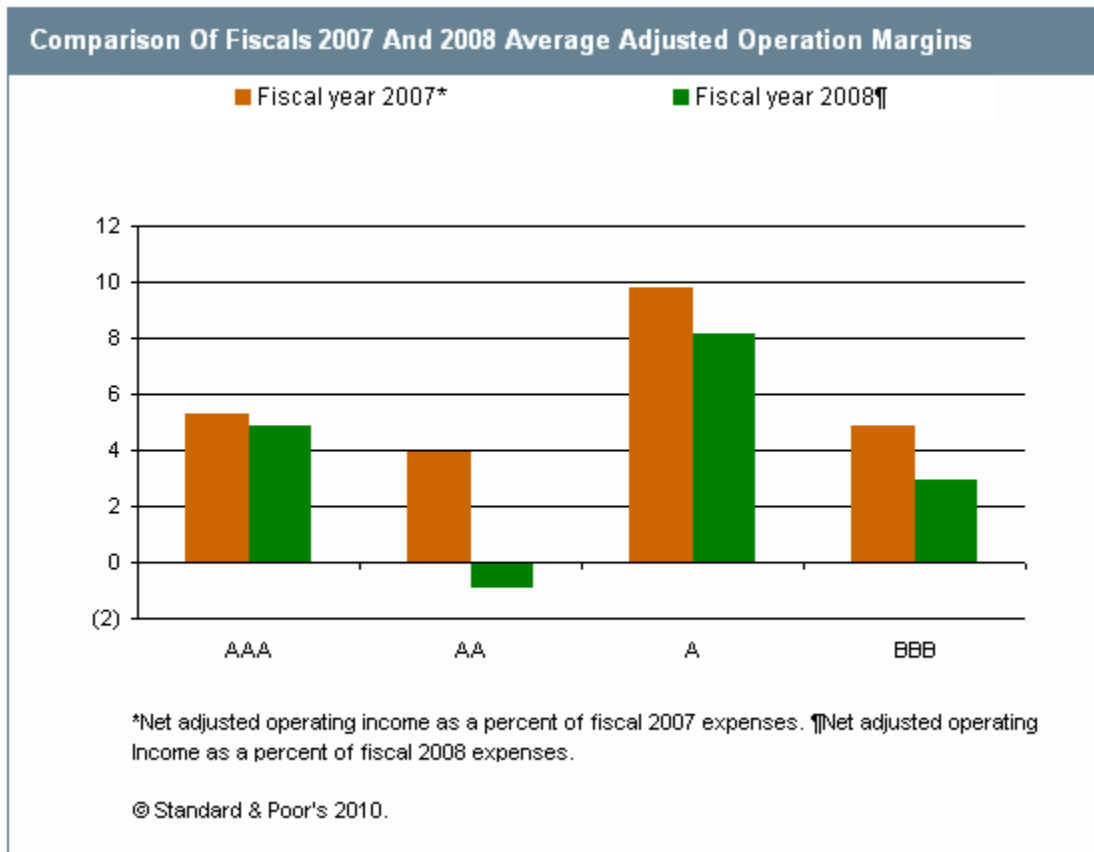


### Striving For Financial Equilibrium

Financial operating performance continues to be a major credit concern for independent schools in our view. We believe that investment losses, liquidity concerns, high endowment spending rates, lower fundraising results, and rising financial aid budgets are likely to continue to constrain operating performance.

Within our universe of publicly rated independent schools, the number that operated at a loss for fiscal 2008 is up from previous years. As a whole, the average net adjusted operating income as a percentage of expenses is down for all rating categories for fiscal 2008 (see chart 2). Moreover, based on preliminary ratios and discussion with management, we expect that fiscals 2009 and 2010 will likely continue the pattern of reduced operating performance for the sector.

Chart 2



## A Significant Increase In Financial Aid

We have seen significant pressure on net tuition revenues over the past two years, due to a combination of higher financial aid budgets and limited tuition increases. Overall, the number of students attending rated schools -- or headcount enrollment -- has remained fairly steady. Schools that historically counted on their ability to increase revenues by raising tuition and fees may find it harder to supplement tuition revenue as financial aid costs increase. Already, tuition levels at some independent schools are beginning to rival some of the nation's top colleges and universities. The National Association of Independent Schools (NAIS) reported that the average median tuition for independent schools, including day schools, was \$35,100 for the 2009-2010 academic year. While we have seen that families tend to keep their children in a private school once enrolled, we are concerned about increasing discount rates and the rising cost of independent school tuition, especially for those schools that rely heavily on tuition.

Based on fiscal 2008 and 2009 data Standard & Poor's Ratings Services has received from our rated schools, tuition discount as a percent of expenses increased across all rating categories from one year to the next. From this, we can conclude that it's costing a school more to maintain current enrollment levels. We are concerned about the change in direction of these indicators compared with data from fiscals 2007 to 2008, and we expect this trend to continue through 2010 before we see these variables stabilize.

## **Overspending Of The Endowment**

Many schools experienced a significant building boom in recent years, financed by a combination of fundraising, internal funds, and debt. For many schools, the financing strategies included a higher endowment spending rate, or additional draws to pay for debt service.

Based on recent endowment performance, we believe the spending levels for private schools are moderately aggressive, particularly for institutions with underwater endowments, or endowments that have a market value that is less than its donated value. As a result, we expect that current budgets for many institutions will likely have limited flexibility. We are concerned about the ability of institutions to make further budget cuts if necessary, particularly for those institutions that experience unexpected revenue shortfalls. We also expect that many schools will need to make additional adjustments to their budgets based on lower levels of available endowment spending in the next two or three fiscal years.

## **Rethinking Fundraising Strategy**

Most rated independent schools rely on unrestricted annual gifts to balance their operating budgets. Based on The National Association of College and University Business Officers' (NACUBO) survey of colleges and universities, a majority of respondents reported a decline in gifts in fiscal 2009. Based on our understanding that most independent primary and secondary schools are budgeting for lower levels of gifts in fiscal 2010 and beyond, we believe that the performance of independent schools is similar to that of colleges and universities. We are finding that some schools are refocusing their fundraising strategies to unrestricted giving for budgetary relief.

## **Balance Sheet Pressure**

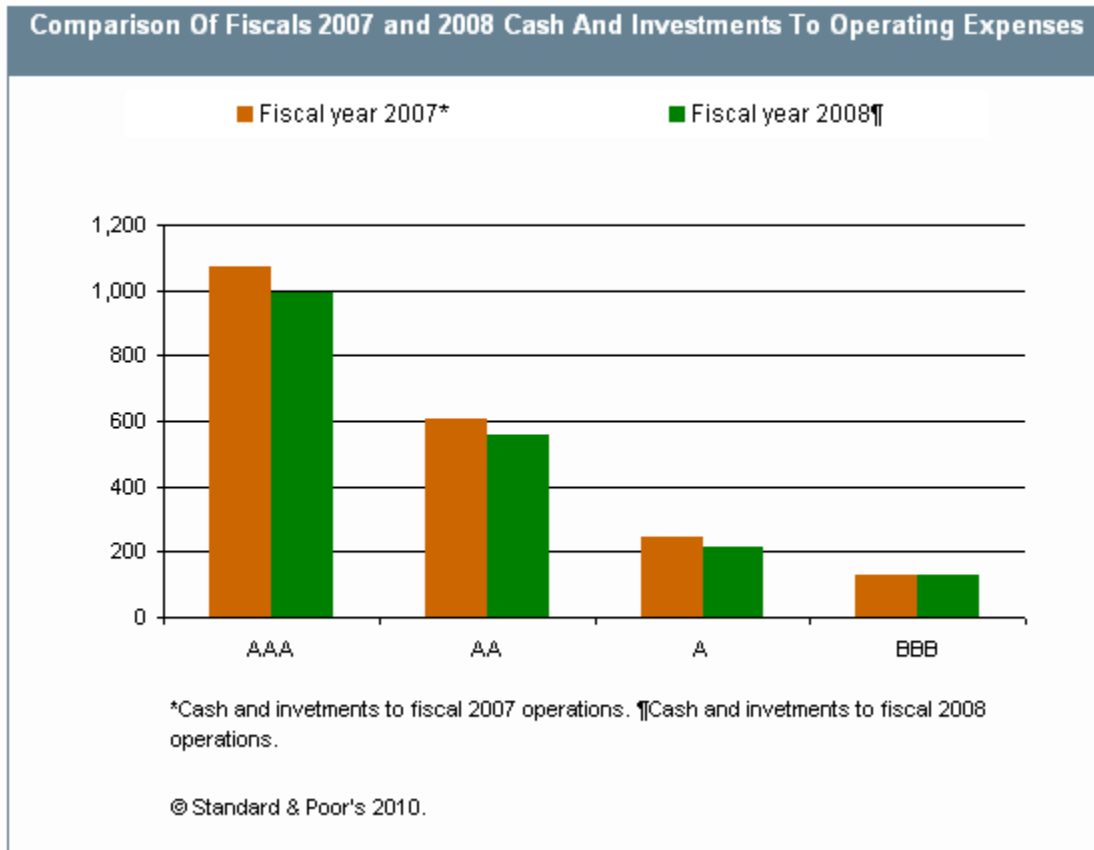
After a period of what we consider to be good investment performance from fiscals 2002 through 2007, private elementary and secondary schools' endowments lost ground in fiscals 2008 and 2009. We believe the recent equity market performance is modestly encouraging, with improved results for fiscal 2010, but most endowments for independent schools are still significantly lower than their peak market values. Underwater endowments are a consequence of this weak performance and were a concern of independent schools in fiscal 2009. In some cases, schools had to replenish the endowment's corpus by a transfer of unrestricted quasi endowment.

We have seen a significant reduction in expendable resources for all institutions in fiscals 2008-2009, but the most highly endowed institutions were the ones most affected. Not only did financial resources fall, but these institutions rely far more on endowment income for operating support. In fiscal 2008, our analysis shows that investment and endowment income was 18.8% of total revenue generated by 'AAA' institutions compared with just 2.9% for 'BBB' rated schools. Some schools reported some success in asking donors to release restrictions on prior gifts to offset declines in the market value of permanently restricted gifts. Our early estimate of fiscal 2009 financial ratios shows a significant reduction across most rating categories as well. However, as schools adopt and implement Uniform Prudent Management of Institutional Funds Act (UPMIFA) standards, and equity markets improve, we believe there will likely be a new base line of financial resources for each category.

Due to the variable nature of expendable resources as a result of fluctuations in the economy and the influences of UPMIFA, we have relied more on cash and investments to gain a better understanding of financial resource trends

on a year-over-year basis. The change in cash and investments was greater in the higher rated schools (see chart 3).

**Chart 3**

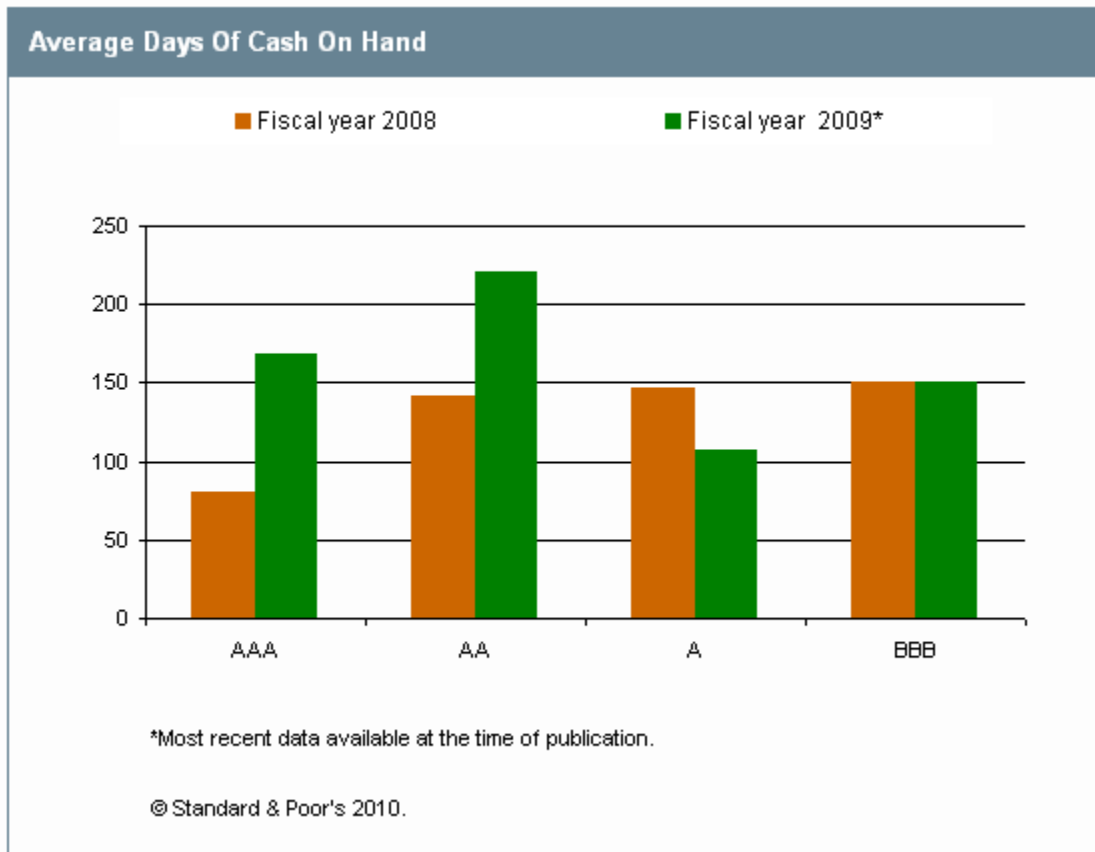


## Working Capital And Liquidity

Liquidity remains an ongoing challenge for some schools. In the past, schools with larger endowments invested in higher yielding, but less liquid investments in an effort to improve investment returns. We understand that moving away from this strategy has not been an acceptable choice for many rated institutions. Combined with less liquid portfolios, many independent schools found themselves in the position of having to post collateral to counterparties on interest rate swaps.

Our analysis of the private school sector's liquidity has revealed what we consider an interesting trend; 'BBB' rated independent schools in fiscal 2008 averaged almost twice as many days of cash on hand as 'AAA' rated schools (see chart 4). However as higher rated schools reposition their portfolios, we are seeing this trend change. While 'BBB' rated schools have higher enrollment and tuition revenue risks, they appear relatively stable in our view with respect to liquidity.

Chart 4



## Debt Strategies Are Shifting

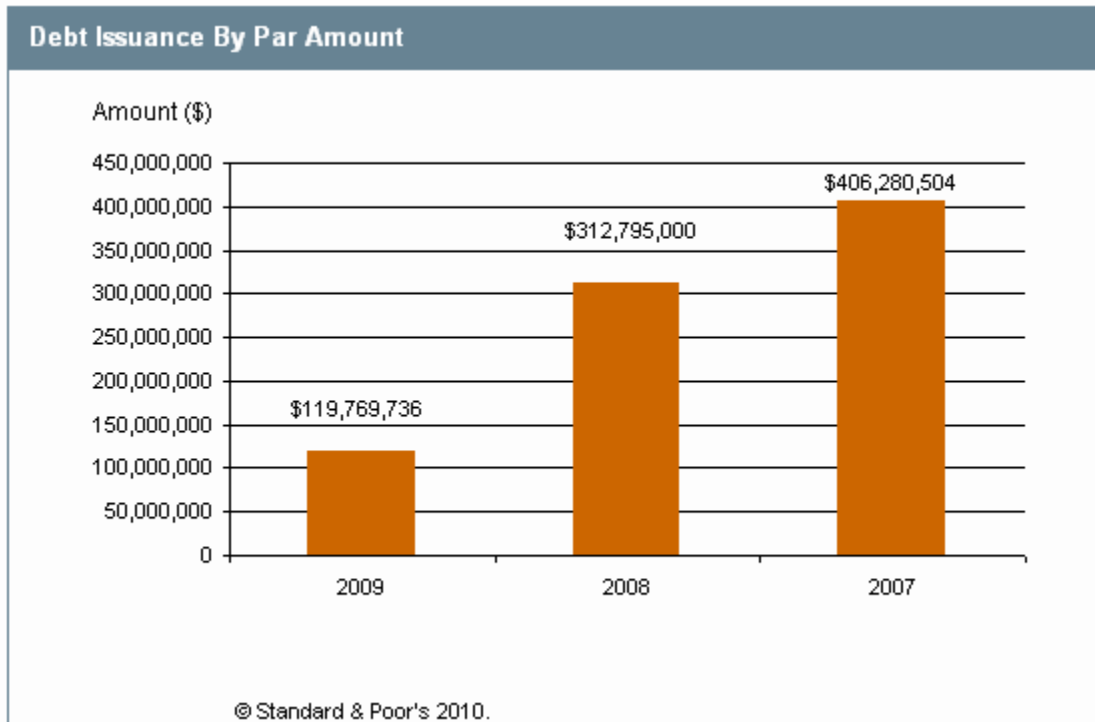
Many private primary and secondary schools remain exposed to variable-rate debt mostly backed by bank letters of credit (LOCs). Many of these variable-rate debt demand bonds were accompanied by interest rate swaps that synthetically hedged the school's interest rate from variable to fixed rate. Because of the financial crisis, we saw a number of failed remarketings for independent schools and a spike in interest rates during fiscals 2008 and 2009. Some schools' bonds became bank bonds, which led to accelerated debt repayment and a significant financial burden for these institutions. Substitute LOCs were available from other banks, but the pricing of these instruments increased significantly.

Our view of fiscal 2009 financial statements uncovered another problem for some independent schools in the form of bond covenant violations. Because of these challenges over the past two years, we have seen many schools restructure their debt portfolios to traditional fixed-rate debt. We have also seen what we consider a significant amount of bank-qualified debt. Under federal stimulus legislation, the amount schools can borrow as bank-qualified debt increased to \$30 million, from a previous limit of \$10 million.

For most of fiscal 2009, and some of fiscal 2008, many independent schools, especially those with ratings below 'A+', saw limited market access to public debt markets. Because of challenging market conditions, debt-issuance volume by par dropped in both fiscals 2008 and 2009 (see chart 5). Since fall 2009, the amount of activity is

increasing, however, and most debt issuance now includes a combination of restructuring and smaller scale new money projects.

**Chart 5**



## New Ratings

We continue to see increasing demand for new credit ratings in this sector. Nevertheless, the number of independent schools we publicly rate is still a relatively small portion of the entire sector.

## Rating And Outlook Changes In 2008-2009

While we see the number of challenges facing the sector is growing, the ratings on publicly rated schools have remained fairly stable. For example, since the beginning of fiscal 2008, we have revised the rating outlook on only two independent schools -- 'A' rated Germantown Friends School -- to negative from stable and 'BBB+' rated Suffield Academy -- to positive from stable. We raised the rating on Marymount School of New York to 'BBB' from 'BBB-' and the outlook is now stable. New ratings were assigned to two independent schools. We assigned a 'AA-' rating, with a stable outlook, to The George School in Pennsylvania and a 'BBB-' rating, with a stable outlook, to The Ethel Walker School in Connecticut.

## A Historical Look At Some Key Metrics And Ratios Of Independent Schools

We compiled key metrics for independent schools over the past six to eight years. This data provides perspective as to how independent schools have responded to the changing economic environment. It also demonstrates relative

strengths and weaknesses by rating category, and over time. We had full sector data for fiscal 2008 for all rated schools (see table 1). For fiscal 2009 ratios, we used a more limited sample of schools, since we have not yet received all of the audits for schools we publicly rate (see table 2).

**Table 1**

<b>U.S. Independent Schools Financial Statistics For 2008</b>				
	<b>--Rating Category--</b>			
	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>
<b>Demand</b>				
<b>Total headcount</b>				
Mean	772	629	856	693
Median	602	548	800	816
<b>Freshman selectivity ratio (%)</b>				
Mean	20.1	33.1	47.1	54.8
Median	21.0	30.0	49.0	54.0
<b>Freshman matriculation ratio (%)</b>				
Mean	66.1	69.1	64.6	66.4
Median	65.0	62.0	66.0	69.0
<b>Revenue diversity</b>				
<b>Tuition dependence (%)</b>				
Mean	41.4	59.2	64.8	76.1
Median	43.0	59.0	67.0	78.0
<b>Investment and endowment income as a percentage of revenue (%)</b>				
Mean	18.8	12.6	7.2	3.3
Median	16.0	10.0	5.0	3.0
<b>Financial aid and expense</b>				
<b>Financial aid burden as a percentage of expenses (%)</b>				
Mean	13.8	10.0	9.8	9.5
Median	14.0	11.0	11.0	9.0
<b>Tuition discount rate (%)</b>				
Mean	29.6	17.5	14.5	11.3
Median	28.0	20.0	17.0	11.0
<b>Instruction (%)</b>				
Mean	27.0	43.0	50.1	50.4
Median	28.0	37.0	53.0	48.0
<b>Endowment</b>				
<b>Endowment market value (Mil. \$)</b>				
Mean	595,154	157,183	50,712	12,984
Median	441,912	114,222	45,882	11,740
<b>Liquidity ratios</b>				
<b>Cash and investments to operations (%)</b>				
Mean	989.4	558.9	217.2	128.1

Table 1

<b>U.S. Independent Schools Financial Statistics For 2008 (cont.)</b>				
Median	955.0	471.0	210.0	114.0
<b>Unrestricted resources to operations (%)</b>				
Mean	285.1	323.3	135.4	73.3
Median	227.0	256.0	119.0	67.0
<b>Expendable resources to operations (%)</b>				
Mean	729.7	435.8	179.6	92.4
Median	695.0	350.0	150.0	80.0
<b>Cash and investments to debt (%)</b>				
Mean	1387.0	537.8	231.3	147.0
Median	1387.0	505.0	216.0	135.0
<b>Unrestricted resources to debt (%)</b>				
Mean	361.0	145.0	99.3	59.5
Median	361.0	142.0	81.0	64.0
<b>Expendable resources to debt (%)</b>				
Mean	909.0	339.3	168.7	83.2
Median	909.0	340.0	145.0	66.0
<b>Debt ratios</b>				
<b>Total outstanding debt (Mil. \$)</b>				
Mean	42,538	28,887	19,751	16,957
Median	42,538	31,182	14,105	15,545
<b>Current debt service burden (%)</b>				
Mean	3.0	6.2	5.2	9.6
Median	3.0	6.0	5.0	7.0
<b>Average age of plant (years)</b>				
Mean	11.2	11.3	9.0	10.3
Median	11.0	10.0	10.0	11.0
<b>Full-time equivalent ratios</b>				
<b>Net tuition per headcount (\$)</b>				
Mean	24,928	29,468	19,388	23,936
Median	24,928	27,471	19,194	20,097
<b>Adjusted operating revenue per headcount (\$)</b>				
Mean	90,335	74,067	35,300	35,592
Median	90,335	71,430	28,598	34,915
<b>Total operating expenses per headcount (\$)</b>				
Mean	74,538	64,273	28,904	29,326
Median	74,538	66,307	27,536	30,618
<b>Debt per headcount (\$)</b>				
Mean	62,382	63,285	39,154	23,463
Median	60,487	57,092	18,081	19,406

**Table 1**

<b>U.S. Independent Schools Financial Statistics For 2008 (cont.)</b>				
<b>Unrestricted resources per headcount (\$)</b>				
Mean	197,234	171,948	27,210	15,483
Median	197,234	140,641	87,777	18,498
<b>Expendable resources per headcount (\$)</b>				
Mean	470,216	310,467	70,930	24,909
Median	470,217	210,167	38,324	22,139
<b>Endowment market value per headcount (\$)</b>				
Mean	708,718	362,929	52,897	23,733
Median	708,718	328,478	37,674	22,081

\*Most recent data available at the time of publication.

**Table 2**

	<b>--Rating Category--</b>			
	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>
<b>Demand</b>				
<b>Total headcount</b>				
Mean	776	571	892	721
Median	615	524	789	605
<b>Freshman selectivity ratio (%)</b>				
Mean	19.8	40.2	47.2	50.0
Median	19.2	33.0	50.0	50.0
<b>Freshman matriculation ratio (%)</b>				
Mean	64.9	68.3	64.0	64.4
Median	64.0	60.3	66.0	67.0
<b>Revenue diversity</b>				
<b>Tuition dependence (%)</b>				
Mean	43.2	54.0	69.9	77.4
Median	43.2	53.0	73.0	77.0
<b>Investment and endowment income as a percentage of revenue (%)</b>				
Mean	19.6	11.3	5.0	3.8
Median	19.6	4.2	4.0	3.0
<b>Financial aid and expense</b>				
<b>Financial aid burden as a percentage of expenses (%)</b>				
Mean	15.8	14.2	9.2	11.4
Median	15.8	13.7	10.0	10.0
<b>Tuition discount rate (%)</b>				
Mean	36.5	25.4	13.1	13.9
Median	36.5	26.6	13.0	13.0

Table 2

<b>U.S. Independent Schools Financial Statistics For 2009* (cont.)</b>				
<b>Instruction (%)</b>				
Mean	25.5	33.6	56.3	43.5
Median	25.6	33.9	63.0	45.0
<b>Endowment</b>				
<b>Endowment market value (Mil. \$)</b>				
Mean	617,550	133,800	36,424	12,500
Median	617,550	145,300	31,604	12,315
<b>Liquidity ratios</b>				
<b>Cash and investments to operations (%)</b>				
Mean	806.3	465.0	152.6	119.4
Median	806.3	410.1	134.0	107.0
<b>Unrestricted resources to operations (%)</b>				
Mean	224.0	198.7	63.5	50.2
Median	224.0	179.8	41.0	57.0
<b>Expendable resources to operations (%)</b>				
Mean	528.7	308.8	108.5	68.1
Median	528.7	317.7	101.0	68.0
<b>Cash and investments to debt (%)</b>				
Mean	1387.3	533.5	231.3	146.8
Median	1387.3	505.1	216.0	135.0
<b>Unrestricted resources to debt (%)</b>				
Mean	361.1	145.0	99.3	59.5
Median	361.1	142.1	81.0	64.0
<b>Expendable resources to debt (%)</b>				
Mean	908.7	339.2	168.7	83.2
Median	908.7	340.1	145.0	66.0
<b>Debt ratios</b>				
<b>Total outstanding debt (Mil. \$)</b>				
Mean	52,538	29,512	19,751	16,957
Median	42,538	31,624	14,105	15,545
<b>Current debt service burden (%)</b>				
Mean	2.7	6.2	5.2	9.6
Median	2.7	6.1	5.0	7.0
<b>Average age of plant (years)</b>				
Mean	11.2	4.5	9.0	10.3
Median	11.2	10.1	10.0	11.0
<b>Full-time equivalent ratios</b>				
<b>Net tuition per headcount (\$)</b>				
Mean	24,928	29,469	19,389	23,936

Table 2

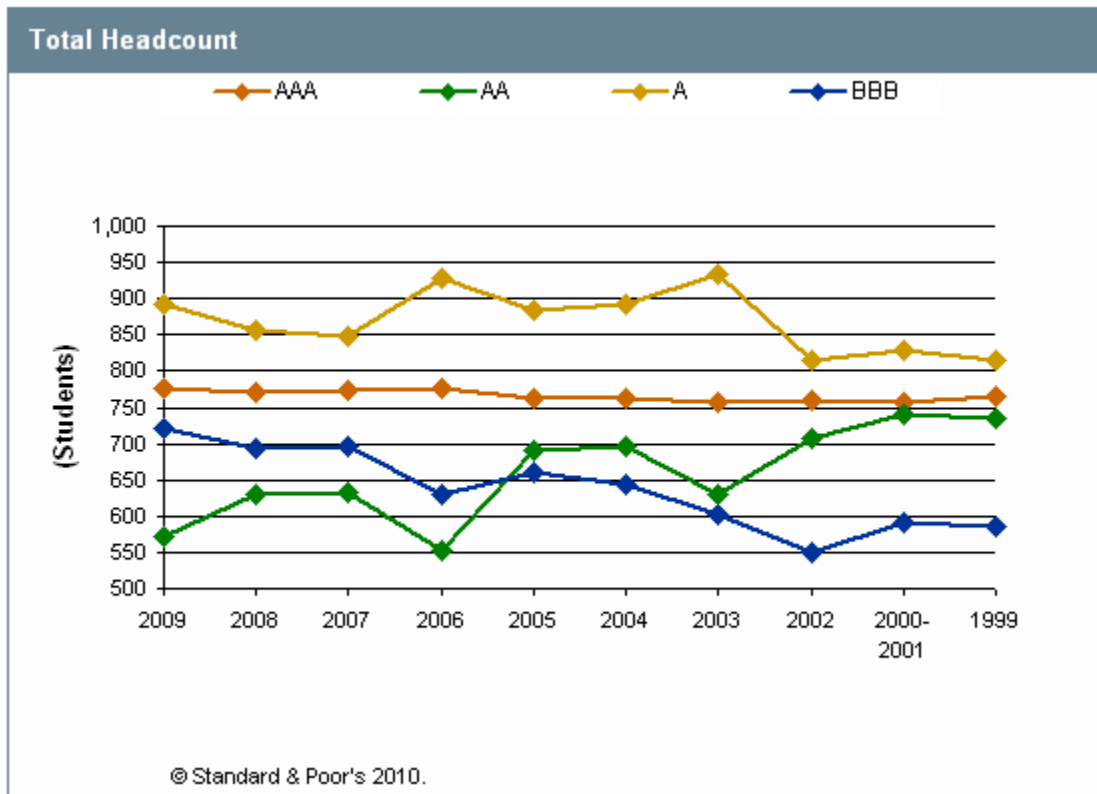
<b>U.S. Independent Schools Financial Statistics For 2009* (cont.)</b>				
Median	24,928	27,471	19,194	25,097
<b>Adjusted operating revenue per headcount (\$)</b>				
Mean	90,335	71,158	35,300	35,593
Median	90,335	67,046	28,598	34,915
<b>Total operating expenses per headcount (\$)</b>				
Mean	74,538	64,273	28,904	29,326
Median	74,538	66,307	27,536	30,618
<b>Debt per headcount (\$)</b>				
Mean	53,644	100,886	27,172	24,740
Median	53,644	116,880	12,574	28,540
<b>Unrestricted resources per headcount (\$)</b>				
Mean	197,234	175,184	27,211	15,483
Median	197,234	140,641	8,777	18,498
<b>Expendable resources per headcount (\$)</b>				
Mean	470,217	259,495	44,046	20,624
Median	470,217	207,814	23,978	18,977
<b>Endowment market value per headcount (\$)</b>				
Mean	708,719	362,929	52,897	23,734
Median	708,719	328,478	37,674	22,081

\*Most recent data available at the time of publication.

### Stable headcount enrollment

The independent schools we publicly rate have had relatively consistent headcount enrollment over the past eight years. The small declines we see, in general, correspond with a change in the rated universe. Some of the schools we previously rated chose to have only private ratings, and we no longer incorporate the data corresponding to those institutions in our ratios. On average, headcount enrollment for 'BBB' category schools reflects what we consider modest growth at existing schools in the category. Enrollment differences in the 'BBB', 'A', and 'AA' categories closely corresponds to broader economic changes. Enrollment at schools in these rating categories tends to increase when the economy improves and when the economy declines, enrollment decreases. Conversely, enrollment for schools in the 'AAA' category tends to remain very stable, with an average spread between its highest and lowest enrollment of only eight students over the eight years (see chart 6).

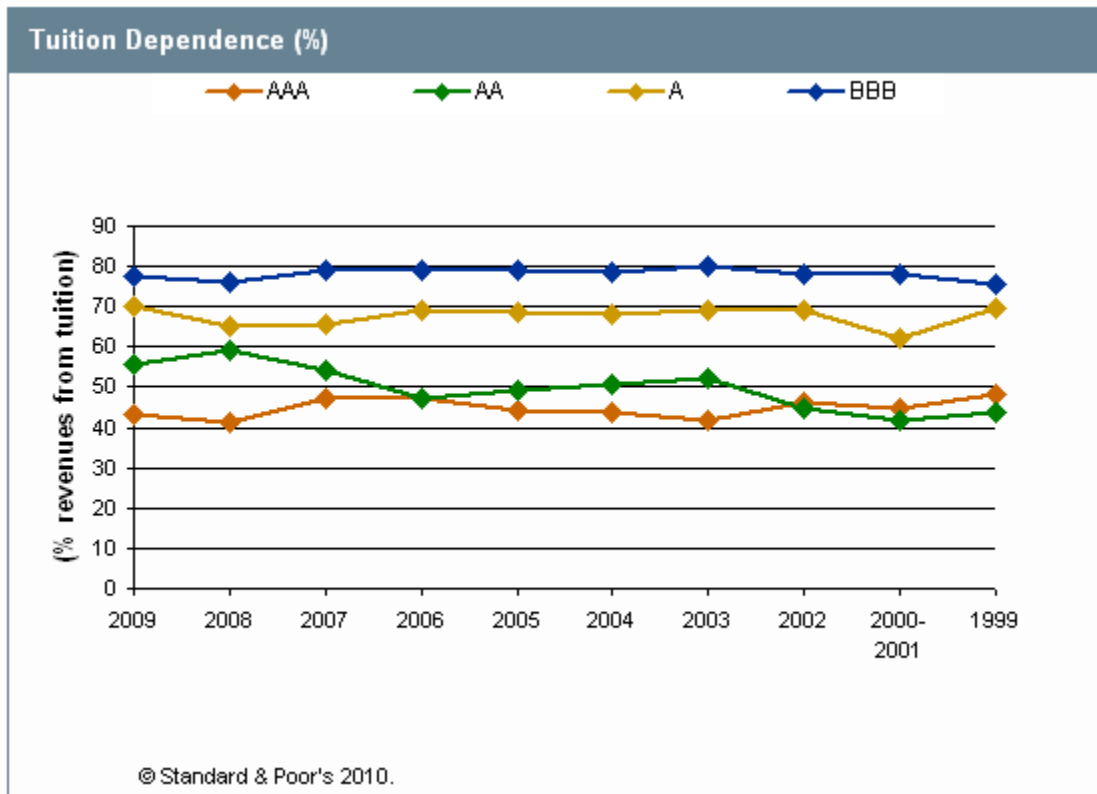
Chart 6



### Tuition Dependence

We assess tuition dependence to gain an understanding of revenue diversity and to ascertain demand and enrollment trends. Between 2000 and 2008, independent schools across all rating categories showed what we considered a strong level of consistency with respect to tuition dependence. Schools rated in the 'BBB' category are the most tuition dependent, averaging nearly 80% dependence over the eight years examined. Also noteworthy in our view is the 'AA' category -- these schools exhibited the greatest amount of volatility. Tuition dependence rose from 44% to nearly 60% of total revenues during the same time (see chart 7).

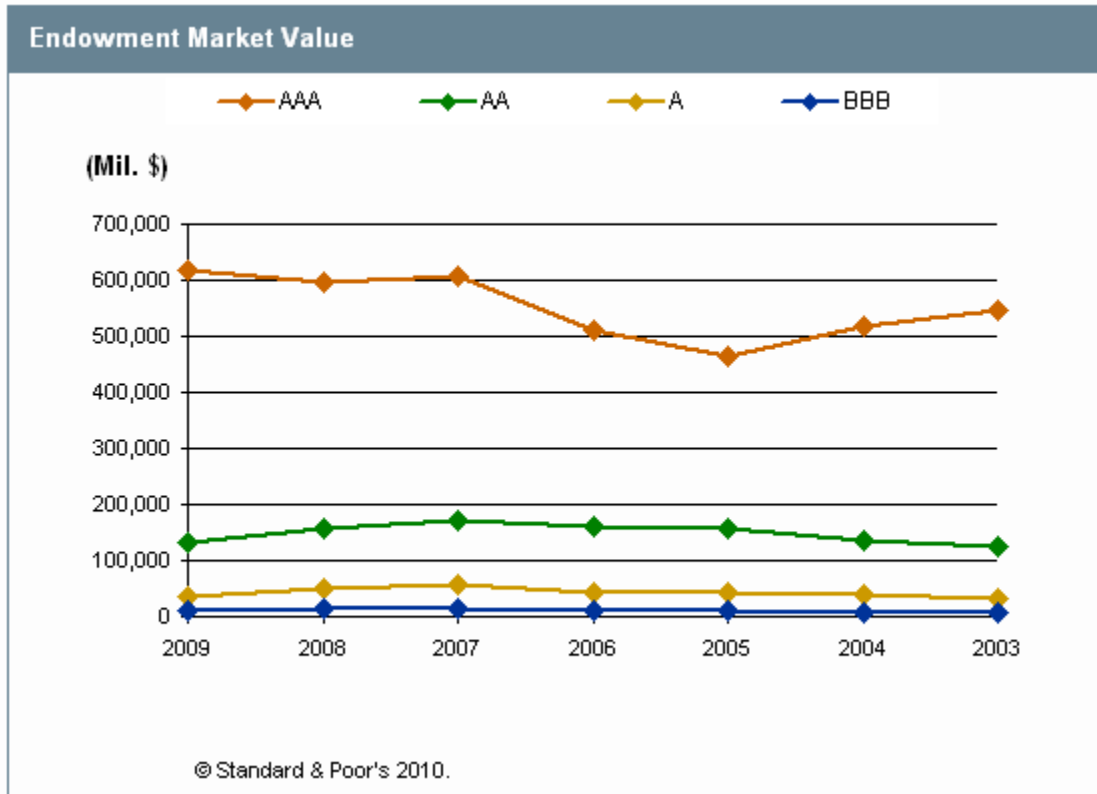
Chart 7



### Endowment market value

The endowments for the independent schools we rate dropped during fiscal 2008. The endowments of 'AAA' rated institutions, while much higher, fluctuated more than those of lower rated institutions (see chart 8). The volatility in the endowment performance at more highly rated schools also means a reduction in endowment support for operations. However, while schools in lower rating categories generally have lower levels of endowment, the greater stability of these endowments reflects what we view as a more conservative allocation of investments.

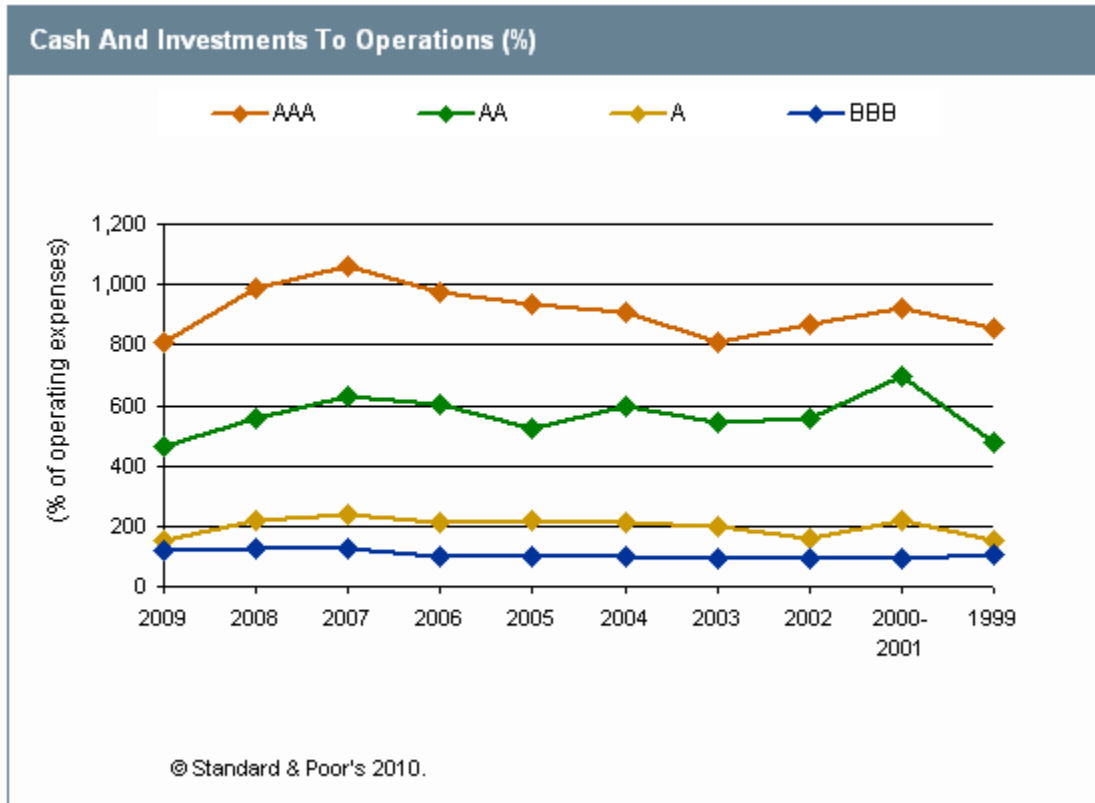
Chart 8



### Cash and investments to operations

Based on our analysis of the rated schools, cash and investments compared with operating expenses varies by rating category. Schools with ratings in the top two categories -- 'AAA' and 'AA' -- have greater amounts of financial resources than those in the 'BBB' and 'A' categories. Moreover, we understand that the higher rated schools have placed the majority of their resources in long-term investments, which generally provide substantial returns. However, as noted above, we think the stability of their endowments indicates that lower rated schools take a much more conservative approach to operations and investments because they can't afford to experience such large variability in their level of endowed and financial resources. The higher rated schools have improved their ratios more than the 'BBB' rated schools since 1999, while the 'BBB' rated schools have the least level of variability and were the only schools to improve their ratios during fiscal 2008 (see chart 9).

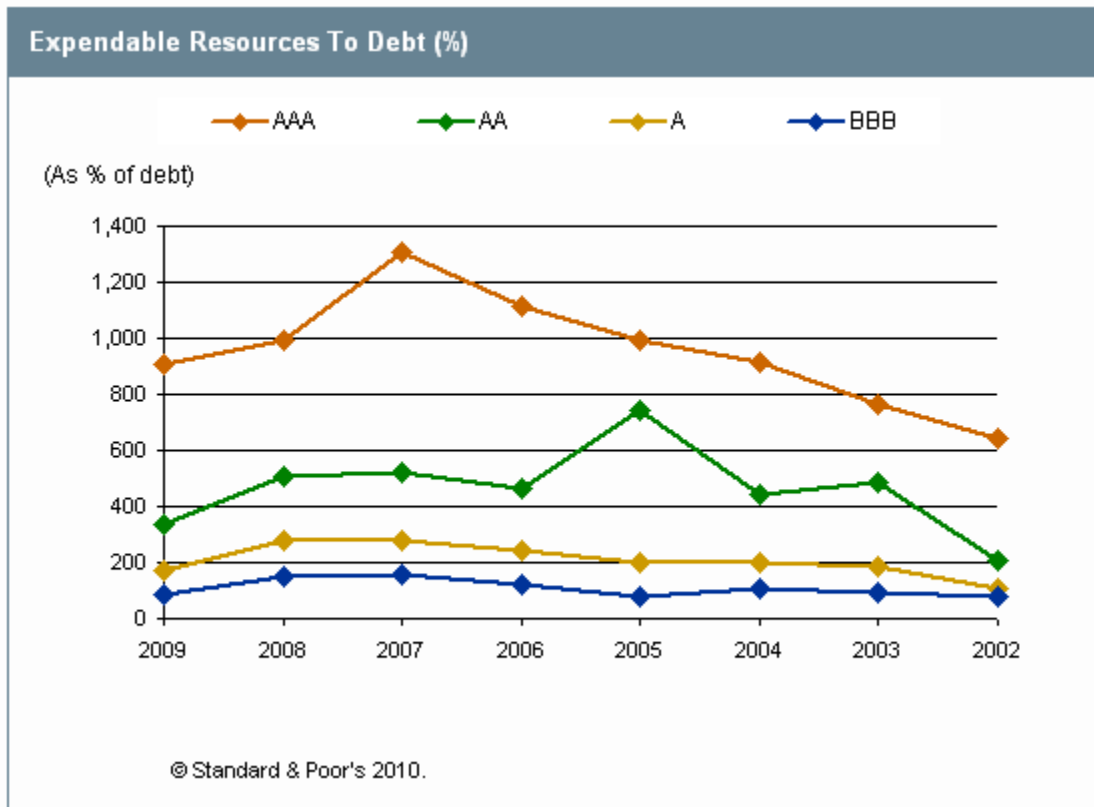
Chart 9



**Expendable resources to debt**

Expendable resources compared with total debt is another measure we use to gauge financial stability and strength. Schools with ratings in the top two rating categories again have a greater, but more volatile, level of expendable resources. They also tend to have a higher debt burden, since their financial resources provide with them greater debt capacity. While the resources of the wealthier and more highly rated schools appear to have been hurt more during this period of economic decline, we believe their large endowments and generally low levels of debt kept them from experiencing any long-term problems. Schools in different rating categories can sustain varying levels of decline (see chart 10).

Chart 10



## A Review Of Independent Schools By Rating And Geographic Categories

We compiled key metrics for rated independent schools over the past six to eight years and present them by rating category (see table 3) and by state (see table 4).

Table 3

Independent School Ratings By Rating Category*			
Institution	State	Rating	Outlook
<b>AAA</b>			
Deerfield Academy	MA	AAA	Stable
Hotchkiss School	CT	AAA	Stable
Phillips Academy Andover	MA	AAA	Stable
Phillips Exeter Academy	NH	AAA	Stable
St. Paul's School	NH	AAA	Stable
<b>AA</b>			
Groton School	MA	AA+	Stable
Peddie School	NJ	AA+	Stable
Western Pennsylvania School for Blind Children	PA	AA+	Stable
Albuquerque Academy	NM	AA	Stable
The Hockaday School	TX	AA	Stable

**Table 3**

<b>Independent School Ratings By Rating Category* (cont.)</b>			
St. Andrew's School of Delaware	DE	AA	Positive
St. Johns School	TX	AA	Stable
St. Mark's School	TX	AA	Stable
Taft School	CT	AA	Stable
Emma Willard School	NY	AA-	Stable
George School	PA	AA-	Stable
Hopkins School	CT	AA-	Stable
Milton Academy	MA	AA-	Stable
Thacher School	CA	AA-	Stable
<b>A</b>			
John Burroughs School	MO	A+	Stable
Nightingale-Bamford School	NY	A+ (SPUR)	Stable
Belmont Hill School	MA	A	Stable
Dexter and Southfield Schools	MA	A (ICR)	Stable
Germantown Friends School	PA	A	Negative
Kent School	CT	A (ICR)	Stable
Westminster School	CT	A (SPUR)	Stable
Westtown School	PA	A (SPUR)	Stable
Collegiate School	VA	A-	Positive
Creighton Preparatory School	NE	A-	Stable
Germantown Academy	PA	A-	Stable
The Haverford School	PA	A- (SPUR)	Stable
Holland Hall School	OK	A-	Stable
Norwich Free Academy	CT	A- (SPUR)	Positive
Pomfret School	CT	A- (ICR)	Stable
Salisbury School	CT	A- (SPUR)	Stable
Thayer Academy	MA	A-	Stable
<b>BBB</b>			
St. John's High School of Worcester County	MA	BBB+	Stable
Suffield Academy	CT	BBB+ (SPUR)	Positive
Berwick Academy	ME	BBB	Stable
Bullis School	MD	BBB (SPUR)	Stable
Crossroads School	CA	BBB	Stable
Gonzaga College High School	DC	BBB (SPUR)	Stable
Lycee Francais de New York	NY	BBB	Stable
Marymount School of New York	NY	BBB	Stable
Packer Collegiate Institute	NY	BBB (SPUR)	Stable
The Rumson Country Day School	NJ	BBB	Stable
Viewpoint School	CA	BBB (SPUR)	Stable
Wheeler School	RI	BBB	Stable
Denver Academy	CO	BBB-	Stable
Green Acres School	MD	BBB-	Stable

**Table 3**

<b>Independent School Ratings By Rating Category* (cont.)</b>			
Hamlin School	CA	BBB-	Stable
McLean School	MD	BBB-	Stable
New Hampton School	NH	BBB-	Stable
The Ethel Walker School	CT	BBB-	Stable
<b>BB</b>			
Cambridge Friends School	MA	BB+	Stable
Evergreen Country Day School	CO	BB	Stable

\*As of Jan. 4, 2010.

**Table 4**

<b>Independent School Ratings By State</b>			
<b>Institution</b>	<b>State</b>	<b>Rating</b>	<b>Outlook</b>
Crossroads School	CA	BBB	Stable
Hamlin School	CA	BBB-	Stable
Thacher School	CA	AA-	Stable
Viewpoint School	CA	BBB (SPUR)	Stable
Denver Academy	CO	BBB-	Stable
Evergreen Country Day School	CO	BB	Stable
Hopkins School	CT	AA-	Stable
Hotchkiss School	CT	AAA	Stable
Kent School	CT	A (ICR)	Stable
Norwich Free Academy	CT	A- (SPUR)	Positive
Pomfret School	CT	A- (ICR)	Stable
Salisbury School	CT	A-	Stable
Suffield Academy	CT	BBB+ (SPUR)	Positive
Taft School	CT	AA	Stable
The Ethel Walker School	CT	BBB-	Stable
Westminster School	CT	A (SPUR)	Stable
Gonzaga College High School	DC	BBB (SPUR)	Stable
St. Andrew's School of Delaware	DE	AA	Positive
Belmont Hill School	MA	A	Stable
Cambridge Friends School	MA	BB+	Stable
Deerfield Academy	MA	AAA	Stable
Dexter and Southfield Schools	MA	A (ICR)	Stable
Groton School	MA	AA+	Stable
Milton Academy	MA	AA-	Stable
Phillips Andover Academy	MA	AAA	Stable
St. John's High School of Worcester County	MA	BBB+	Stable
Thayer Academy	MA	A-	Stable
Bullis School	MD	BBB (SPUR)	Stable
Green Acres School	MD	BBB-	Stable
McLean School	MD	BBB-	Stable
Berwick Academy	ME	BBB	Stable

**Table 4**

<b>Independent School Ratings By State (cont.)</b>			
John Burroughs School	MO	A+	Stable
Creighton Preparatory School	NE	A-	Stable
New Hampton School	NH	BBB-	Stable
Phillips Exeter Academy	NH	AAA	Stable
St. Paul's School	NH	AAA	Stable
Peddie School	NJ	AA+	Stable
The Rumson Country Day School	NJ	BBB	Stable
Albuquerque Academy	NM	AA	Stable
Emma Willard School	NY	AA-	Stable
Lycee Francais de New York	NY	BBB	Stable
Marymount School of New York	NY	BBB	Stable
Nightingale-Bamford School	NY	A+ (SPUR)	Stable
Packer Collegiate Institute	NY	BBB (SPUR)	Stable
Holland Hall School	OK	A-	Stable
George School	PA	AA-	Stable
Germantown Academy	PA	A-	Stable
Germantown Friends School	PA	A	Negative
The Haverford School	PA	A- (SPUR)	Stable
Western Pennsylvania School for Blind Children	PA	AA+	Stable
Westtown School	PA	A (SPUR)	Stable
Wheeler School	RI	BBB	Stable
St. Johns School	TX	AA	Stable
St. Mark's School	TX	AA	Stable
The Hockaday School	TX	AA	Stable
Collegiate School	VA	A-	Positive

\*As of Jan. 4, 2010.

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