

Deal Spotlight: Higher Education

Embry-Riddle Aeronautical University Volusia County Educational Facilities Authority, Florida

\$101,385,000

UW: UBS Financial Services Inc.

Educational Facilities Revenue and Refunding Bonds

Dated Date: 8/18/2005

Ratings: Aa3/AA (Fitch)

Underlying Ratings: Baa3/BBB+ (Fitch)

Embry-Riddle Aeronautical University has a strong and distinctive voice as the world's leader in aviation and aerospace education. This transaction represents Radian's largest new issue guarantee to date in the municipal market.

Embry-Riddle, founded in 1926, has residential campuses in Daytona Beach, Florida and Prescott, Arizona in addition to 136 teaching centers through out the United States and Europe, many of which are located on US Armed Forces bases. Enrollment for all campuses is 32,493, with strong increases in the various teaching centers. The University has a solid demand profile with a broad geographic draw and an excellent academic reputation. Its Daytona Beach and Prescott campuses are respectively ranked first and third nationally by *U.S. News & World Report* for their Aerospace, Aeronautical, and Astronomical programs.

Proceeds were used to refund existing debt and to finance various capital improvements including a new residence hall at the Daytona Beach campus. The bonds are a General Obligation of the University, backed by a security interest in tuition and fees. Additional security is derived from a mortgage on the core campus in Daytona Beach and a negative pledge on other properties in Daytona Beach and on the Prescott campus.

Embry-Riddle maintains a diverse offering of programs and has demonstrated an improving financial position. The University's reputation in engineering is also growing, related majors represent one third of enrollments.

The bonds were sold at very strong levels, as shown below, enabling the University to realize substantial debt service savings.

Maturity	2025	2028	2035
Coupon	5.00%	4.63%	5.00%
Yield	4.50%	4.70%	4.64%
Spread to "Mid/Late" MMDL High Grade (bps)	+ 28	+ 39	+ 22

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