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## Summary: University of Guelph

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Credit Rating:  
AA-/Stable/--

### Rationale

On Nov. 6, 2003, Standard & Poor's Ratings Services affirmed its 'AA-' ratings on the University of Guelph, based on the institution's demand profile and prudent financial management. The outlook is stable.

The ratings on Guelph are supported by:

- A strong demand profile, boosted by the Province of Ontario's double cohort (grades 12 and 13 graduated simultaneously in June 2003, with elimination of grade 13 thereafter), in 2003-2004 in the near term, that provides ongoing enrollment predictability and stability;
- A conservative approach to finances as evidenced by a manageable debt burden, consistent annual operating surpluses, and a strong endowment portfolio;
- A substantial real estate portfolio that could be monetized to increase the university's unrestricted resource base; and
- A strong academic and research profile, particularly in agriculture, veterinary medicine, and sciences, that provides greater tuition-setting flexibility in these programs.

The ratings are constrained by:

- Rising staff costs relating largely to growing staff numbers and increasing unfunded, nonpension post-retirement obligations, as well as increased university contributions to the staff pension fund as a result of an unfunded pension deficit as at April 2003; and
- Challenges common to all Canadian universities, including the completion of sizable capital building projects within compressed time frames to meet student growth estimates.

### Outlook

The stable outlook reflects expectations that the university will continue to prudently manage its finances and that funding support from the provincial government will remain strong, while the university continues to benefit from unregulated tuition-setting flexibility in certain programs. The 'AA-' ratings and stable outlook are predicated on the university maintaining adequate control over major expenditures, especially salaries and unfunded post-retirement obligations, to maintain an adequate level of operating surpluses.

### Ratings List

University of Guelph

Issuer credit rating AA-/Stable/--

Senior unsecured debt AA-

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