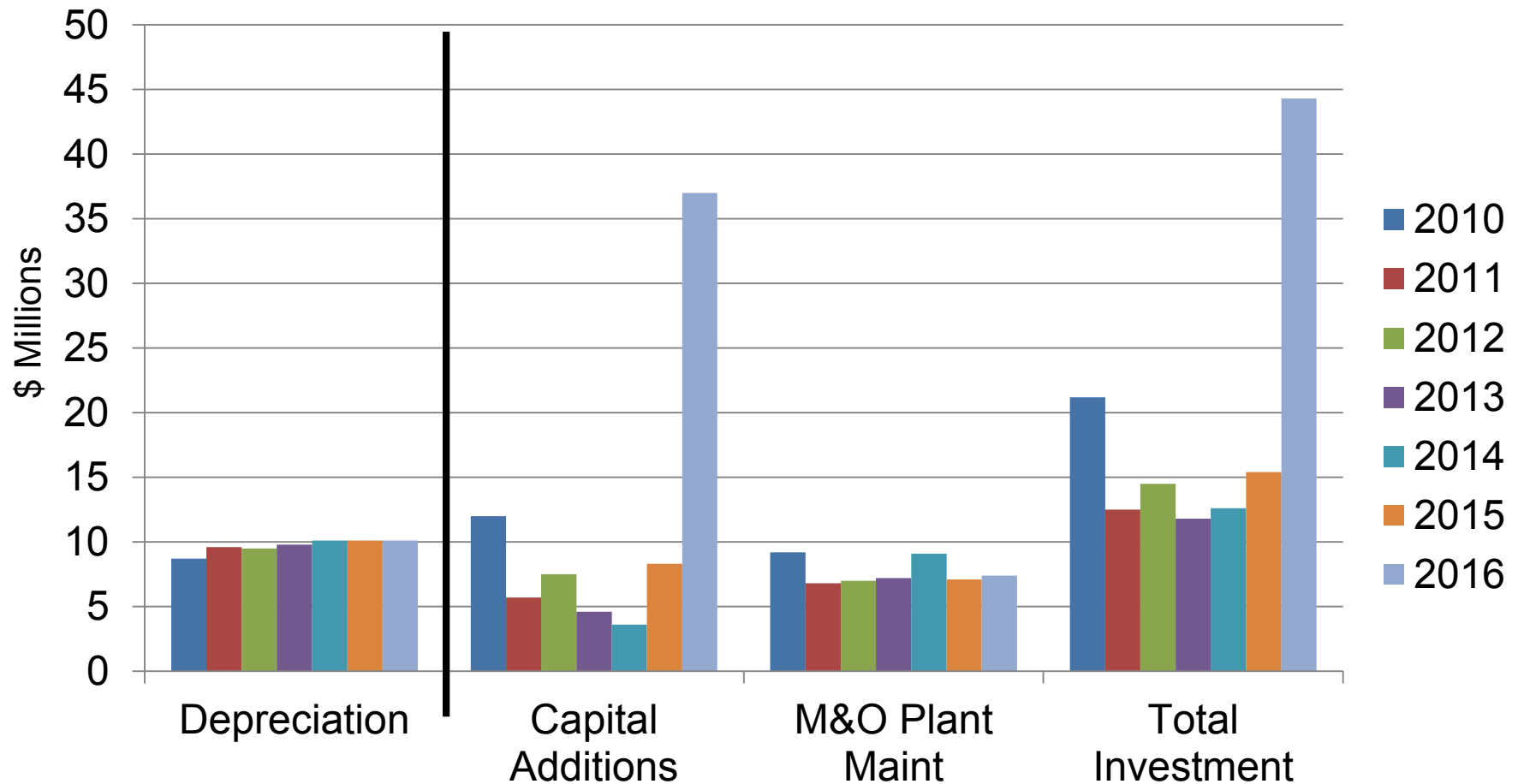


Facilities and Debt Service

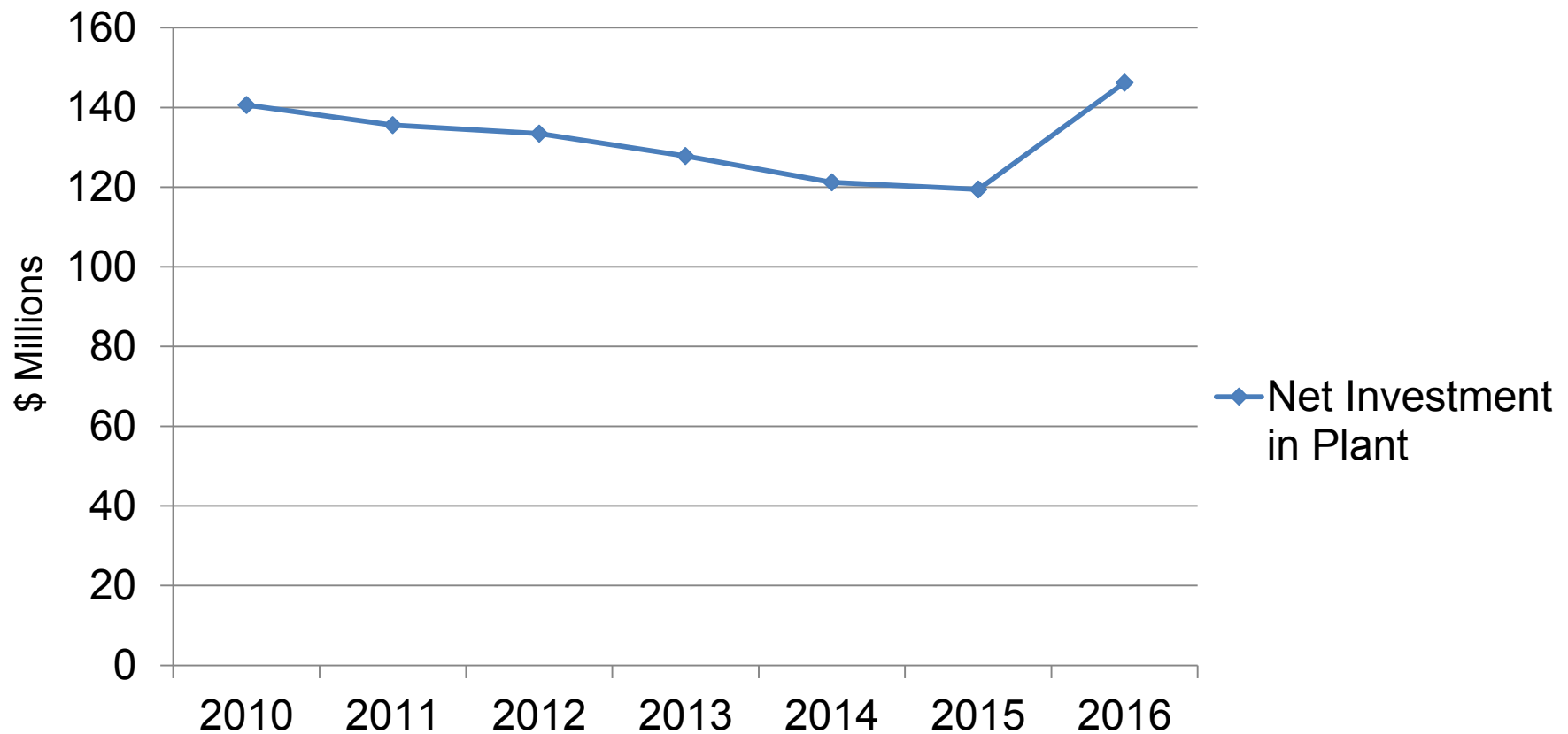


Investment in Plant



Net Investment in Plant

Net Investment in Plant

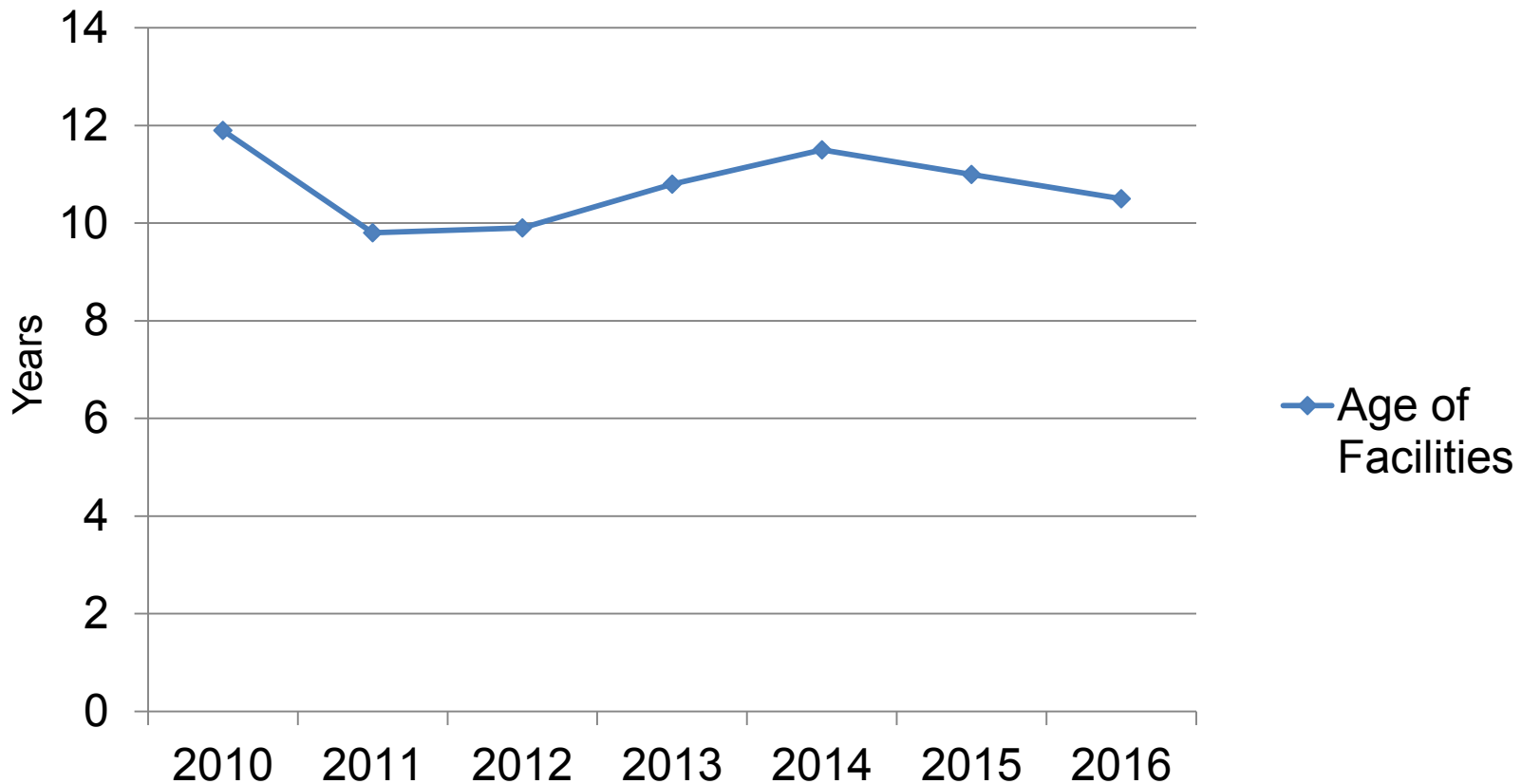


Facilities Age Financial Ratio*



MIDWESTERN
STATE UNIVERSITY™

Age of Facilities



*Ratio = Accumulated Depreciation/Depreciation Expense, ideally ratio should be less than 14 years

Debt Capacity

| | Debt Burden Ratio (1) | Interest Burden (2) |
|--------------|--------------------------------------|--------------------------------|
| 2010 | 9.5 | 5.1 |
| 2011 | 10.4 | 4.7 |
| 2012 | 10.9 | 4.9 |
| 2013 | 10.3 | 4.8 |
| 2014 | 9.8 | 3.9 |
| 2015 | 9.4 | 4.7 |
| 2016 | 10.1 | 5.5 |
| 2015 w/o TRB | 5.5 | 2.7 |
| 2016 w/o TRB | 8.0 | 5.2 |

(1) Debt Burden Ratio = Debt Service/Total Expenditures, recommend less than 7%

(2) Interest Burden Ratio = Interest Expense/Total Expenditures, recommend less than 7%

Bond Rating Scales

| Moody's | Fitch | Definition |
|---------|-------|---------------------------------------------|
| Aaa | AAA | Highest quality and lowest risk |
| Aa1 | AA+ | |
| Aa2 | AA | |
| Aa3 | AA- | Rated high quality and very low credit risk |
| A1 | A+ | |
| A2 | A | |
| A3 | A- | Upper medium grade with low credit risk |
| | | |

Bond Ratings Over Time

| Year | | |
|------|---------|-------|
| | Moody's | Fitch |
| 2016 | A1 | AA- |
| 2013 | A1 | AA- |
| 2014 | A1 | AA- |
| 2012 | A1 | AA- |
| 2011 | A2 | AA- |
| 2010 | A2 | AA- |
| 2009 | A2 | A+ |
| 2008 | A2 | A+ |

Comments from Moody's

August 2016



- Outlook Stable
- Strong operating support from Aaa State of Texas and reimbursement of large portion of debt
- Fixed rate, amortizing debt and no additional debt plans
- Growing debt burden and leverage
- Sluggish growth of net tuition revenue
- Below average operating performance

Comments from Fitch

August 2016



- Outlook Stable
- Expecting operations to improve materially following operating deficits, failure would likely result in downgrade
- Stable enrollment in a competitive environment
- High debt burden, large portion is covered by State of Texas
- Debt is in conservative fixed rate, front-loaded structure, will moderate over time
- Adequate financial cushion to absorb modest operating deficits