Exhibit 41

EDUCATION

One College Sidesteps the Crisis

As Many Endowments Suffer, No-Tuition Cooper Union Builds, and Basks

By JOHN HECHINGER

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Harvard University put the brakes on a major campus expansion. Wellesley College froze salaries and laid off employees. Middlebury College cut financial aid for international students.

But one private college is quietly skirting the crunch in higher education: Cooper Union for the Advancement of Science and Art, in Manhattan's East Village.

The 150-year-old college, which charges no tuition, is nearing completion of a shimmering $150 million academic building designed by noted architect Thom Mayne. It is renovating its landmark main building, hiring for a new biology program, launching an environmental-design institute and starting a new master's degree program in architecture.

Cooper Union's new academic building in New York.
Stephanie Keith for The Wall Street Journal

The expansions stem from Cooper's decision three years ago to ratchet back the financial risk in its endowment, enabling it to avoid the losses that have racked its peers. The college renegotiated a lease to lock in a future income stream from its key property, sold another parcel at a favorable price, raised its cash holdings and picked investment managers that hedged against stock-market declines.

Administrators say they wanted to be especially careful because of the school's no-tuition policy, which leaves its budget largely dependent on investment income. After the tech-stock collapse and the terrorist attack of 2001, the school's endowment dropped by more than a third, and officials consulted bankruptcy lawyers. "We knew that if we took a big risk and lost, we couldn't recover," says George Campbell, Cooper's president.

As a result of its conservative approach, Cooper's endowment, valued at $600 million on June 30, 2008, is expected to be about the same -- or even up slightly -- when the school's fiscal year ends this month. By contrast, most U.S. colleges are struggling with endowment losses between 20% and 30%, according to a recent report from Moody's Investors Service. Earlier this month, citing a 22% endowment decline, Franklin W. Olin College of Engineering, which also offers a free education, said students at the Massachusetts school will have to pay about $18,000 a year, starting in 2010.

The school's George Campbell, left, and John Michaelson. *Stephanie Keith for The Wall Street Journal*

John Michaelson, who heads Cooper's investment committee, said other schools could benefit from taking a lower-risk investing approach. He is especially critical of what has been known as the "Yale model."

Yale University profited from pioneering moves away from U.S stocks into often illiquid alternative investments, such as private equity, commodities and timber. Yale's strategy avoided losses in the tech-stock collapse.

But Mr. Michaelson of New York private-equity firm Imperium Partners says Yale's approach, widely emulated in recent years, places too little emphasis on colleges' annual cash needs and is "deeply flawed." In December, Yale projected that its endowment, $22.9 billion last June, would fall 25% in the year ended June 30. Yale spokesman Tom Conroy noted that for the 10 years ended in June 2008, Yale reported annualized returns of 16.3%, topping the charts for endowment performance.

Cooper has a rich, 150-year history. Founder Peter Cooper, a 19th-century inventor and industrialist with less than a year of formal schooling, aimed to provide working-class students a "first rank" education "as free as air or water." The college's eight-story main building, an Italianate brownstone considered a forerunner of the modern skyscraper, was one of the first in New York City supported with rolled-iron I beams, produced by Peter Cooper himself. Abraham Lincoln gave a famous antislavery address at Cooper. Thomas Edison studied chemistry there, and alumni include physicist and Nobel laureate Russell Hulse, graphic artist Milton Glaser and architect Daniel Libeskind.

Cooper Union, located in Manhattan's East Village, charges no tuition. *Getty Images*

Cooper's most valuable asset is a gift from Peter Cooper's family -- the land under the Chrysler Building. With 1,000 students and a $57 million budget, Cooper currently receives $7 million annually in ground rent from the iconic Art Deco skyscraper. And under an unusual arrangement with roots in the school's original charter, the holder of the Chrysler lease is assessed city real-estate taxes -- but that money, currently $12 million annually, goes to the school. Over the decades, New York City has challenged the arrangement, but Cooper has prevailed in court. The school would lose the lucrative tax-related benefit if it sold the property.

Under a 150-year lease struck with real-estate powerhouse Tishman Speyer Properties in 1999, the rent was due to reset in 2018 at then-prevailing market rates. In 2006, Cooper and Tishman Speyer struck a deal that instead locked in the rent payments at $32.5 million annually in 2018, $41 million in 2028 and $55 million in 2038. Mr. Michaelson says Cooper reached the agreement near the peak of the real-estate boom and contends Tishman "would not do that deal today."

Steven Rubenstein, a spokesman for Tishman Speyer, said the 2018 rent payments represented a two-thirds discount from the value of midtown Manhattan space at the time, and the deal locked in favorable terms for 40 years. "This discount was a great deal then, it's a great deal now and it's going to be even better in 2018 when it kicks in," he said. In 2008, the Abu Dhabi Investment Council, which couldn't be reached for comment, bought 90% of the Chrysler lease for $800 million, with Tishman retaining the rest.

Mr. Michaelson says the Tishman Speyer deal helped Cooper borrow cheaply for its new building and avoid a substantial write-down of the property in the school's endowment that it would have otherwise taken in the New York real-estate plunge.

In 2007, Cooper also sold a six-story academic building for $97 million to a developer planning an office project. Mr. Michaelson says the property would be worth half that today. Cooper placed that money in short-term bonds.

The college also put most of its $150 million stock and bond portfolio into hedge funds focused on "absolute return" strategies designed to generate modest returns in good and bad markets. These strategies included funds combining bets that stocks will fall with wagers that they will rise. For the nine months ended March 31, Cooper's hedge funds were down about 18%, compared with a loss of 27% for the median endowment, according to investment consultant Cambridge Associates. They are expected to have recovered somewhat in the market rebound.

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