CREDIT OPINION
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Duquesne University of the Holy Spirit, PA

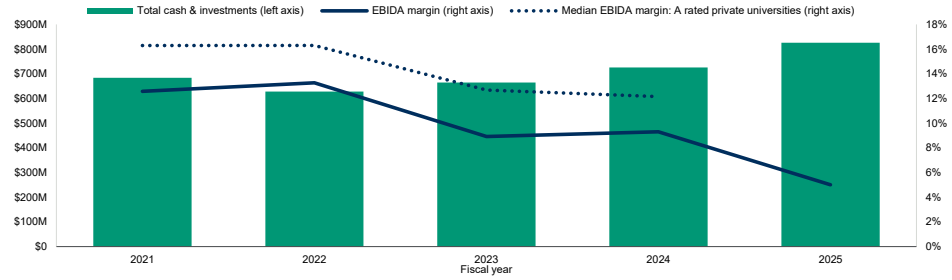
Update to credit analysis

Summary

Duquesne University's (A2 stable) very good credit quality is supported by its substantial wealth and liquidity, solid brand and strategic positioning and sound financial management. Duquesne's favorable regional reputation and good program diversity will continue to support student demand despite a challenging student market landscape that constrains revenue growth. A planned period of strategic investment and weakened operating performance, with single digit EBIDA margins will continue for the near term. Improvement in operating performance is expected in fiscal 2027, with further strengthening thereafter as new programs, including new graduate medical degrees, ramp up. A failure to meet strategic enrollment and net tuition revenue growth goals, however, could lead to deterioration of credit quality. The monetization of non-core assets has added strength to the balance sheet but also has introduced complexity to the debt profile and added credit risk. Leverage will remain elevated relative to EBIDA, but wealth provides adequate coverage of total adjusted debt.

Exhibit 1

Operating results will moderate as new programs come online while asset sales support continued wealth growth



Source: Moody's Ratings

Credit strengths

» Solid wealth and liquidity, with $826 million of total cash and investments and unrestricted monthly liquidity providing a robust 568 days cash on hand

» Sound financial management and a demonstrated history of good operating discipline and strategic planning

» Very good brand and strategic positioning as a private Catholic university with diverse academic programs, a solid academic reputation and significant scale with total operating revenue at $327 million

Credit challenges

» Moderating operating performance due to challenging revenue conditions and investment in new programs, reflected in the 5% EBIDA margin in fiscal 2025 compared to the five-year trailing average of 10%

» Elevated student market pressures largely driven by weak demographics and competitive conditions, resulting in a sustained trend of constrained net tuition revenue

» Limited revenue diversity, with 81% of total revenue deriving from net tuition and auxiliary revenue

» Growing leverage associated with new debt and additional other debt-like obligations

Rating outlook

The stable outlook reflects Moody's expectations of single-digit EBIDA margins in fiscal 2026 while approaching a 10% margin in fiscal 2027. It also incorporates expectations that the college of medicine will meet its enrollment targets and achieve positive operations by fiscal 2027.

Factors that could lead to an upgrade

» Significant increase in financial reserves, providing for materially stronger coverage of adjusted debt and operating expenses

» Strengthening in brand and strategic positioning, reflected in improved student demand, philanthropy and revenue growth

Factors that could lead to a downgrade

» Erosion in operating performance, reflected in a sustained move to deficit operations and single digit EBIDA margins beyond fiscal 2027

» Downturn in student demand, leading to an inability to consistently grow revenue

» Material increase in leverage or weakening in debt affordability, reflected by an inability to return to at least 1.5x annual debt service coverage by 2027

Key indicators

Exhibit 2

DUQUESNE UNIVERSITY OF THE HOLY SPIRIT, PA

	2021	2022	2023	2024	2025	Median: A Rated Private Universities
Total FTE Enrollment	8,058	7,864	7,919	8,040	8,103	5,168
Operating Revenue ($000)	301,773	304,260	300,262	324,760	327,394	279,568
Annual Change in Operating Revenue (%)	1.1	0.8	-1.3	8.2	0.8	4.5
Total Cash & Investments ($000)	683,448	627,872	664,715	725,760	825,534	653,377
Total Adjusted Debt ($000)	274,336	307,377	296,562	315,607	438,358	184,098
Total Cash & Investments to Total Adjusted Debt (x)	2.5	2.0	2.2	2.3	2.3	3.2
Total Cash & Investments to Operating Expenses (x)	2.4	2.2	2.2	2.3	2.4	2.3
Monthly Days Cash on Hand (x)	581	484	495	524	568	397
EBIDA Margin (%)	12.6	13.3	8.9	9.3	5.0	12.2
Total Debt to EBIDA (x)	4.6	5.3	7.5	7.3	13.2	6.2
Annual Debt Service Coverage (x)	3.1	3.0	1.9	2.0	1.0	2.8

Source: Moody's Ratings

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Profile

Duquesne University of the Holy Spirit is a private, urban Catholic university located in Pittsburgh, Pennsylvania. Originally established in 1878, the university now offers a diverse mix of undergraduate, graduate, professional and certificate programs. Duquesne had total enrollment of 8,103 full-time equivalent students in fall 2025 and total operating revenue of $327 million in fiscal 2025.

Detailed credit considerations

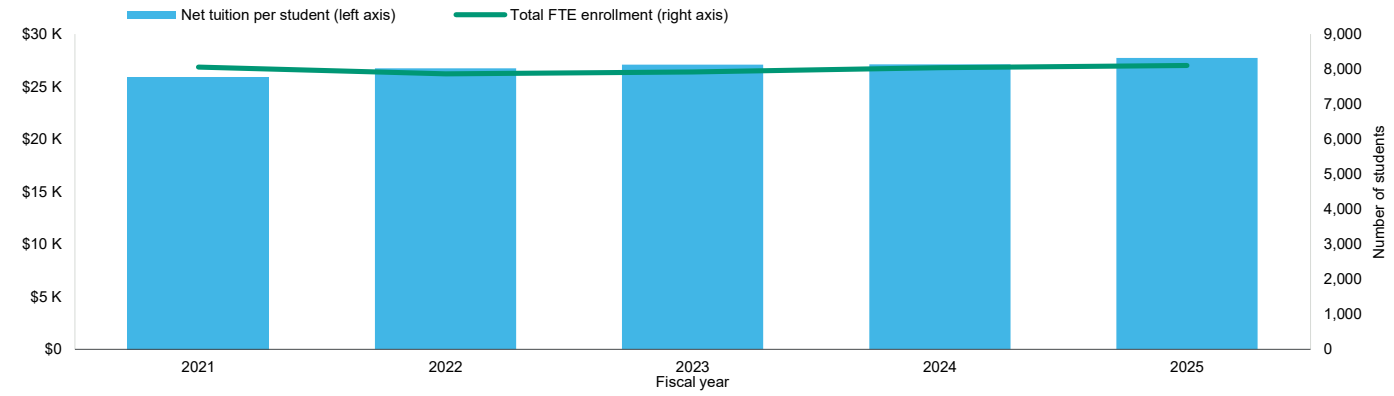
Market position

The university's solid regional reputation and location in the Pittsburgh metropolitan area will support student demand and generally stable enrollment long-term. Fierce competition for students and weak regional demographics, however, will continue to constrain Duquesne's pricing power and net tuition revenue growth. Enrollment is growing modestly, with larger first-year undergraduate class sizes of about 1,400 students over the last three academic years providing for FTE enrollment of over 8,100 students in fall 2025. Yield remains at 12%, however, and tuition discounting has increased by about seven percentage points over the last five fiscal years to 42% in fiscal 2025.

Like most private universities, Duquesne has a high dependence on student charges, at 81% of total operating revenue. Further, about 75% of students are from Pennsylvania, which underscores the importance of maintaining in-state market share. The university continues to refine recruitment and admissions strategies to align with market conditions while also introducing new high demand programs in fields such as health sciences and engineering. The ramp up of the new College of Osteopathic Medicine, which had its inaugural class in fall 2024, will add both scale and cash flow if enrollment targets are achieved.

Exhibit 3

Duquesne's overall enrollment has grown slightly, but net tuition revenue has been relatively flat



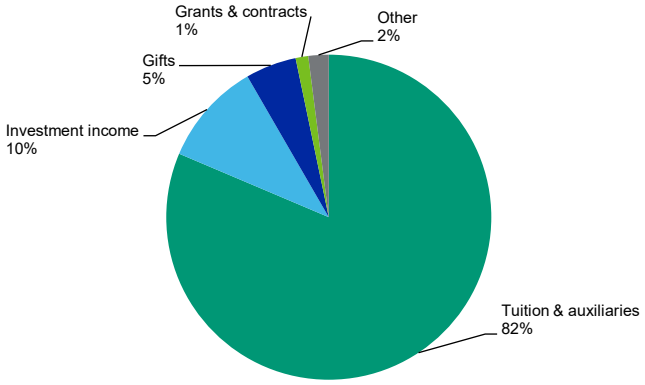
Source: Moody's Ratings

Operating performance

Sound financial management will support long-term budget stability, with modest deficits through fiscal 2026 on a Moody's-adjusted basis as new programs come online. Break-even performance and a return to a double digit EBIDA margin is expected by 2027. Performance will improve thereafter as the university adds new students in medicine and engineering and rightsizes other academic disciplines. Favorably, the university has a track record of operating discipline, reflected in its longer history of closely aligning revenue and expense growth. However, inability to improve operating performance and strengthen debt service coverage could impact credit quality.

Exhibit 4

High reliance on student charges underscores importance of attaining net revenue growth targets for new programs to preserve credit quality



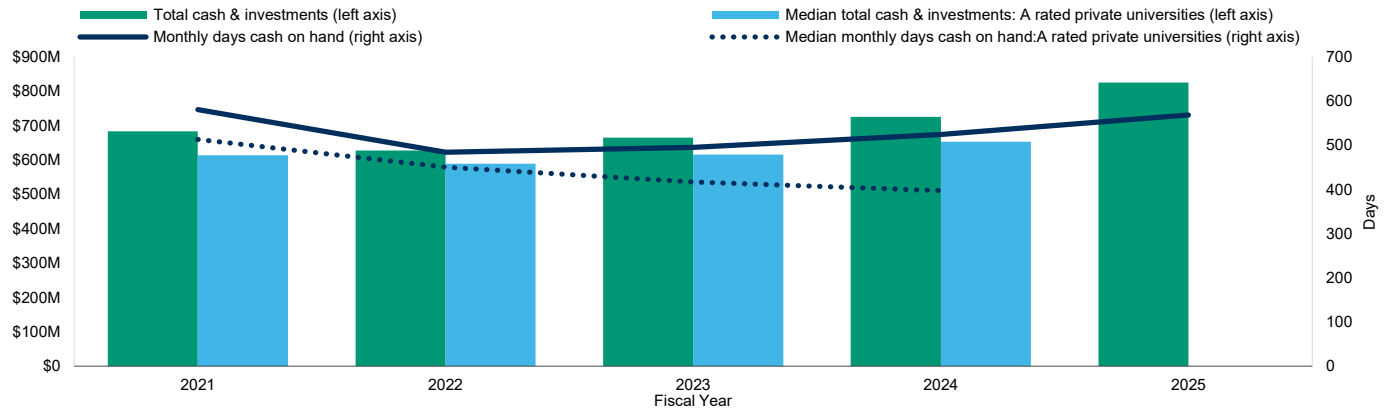
Source: Moody's Ratings

Financial resources and liquidity

Solid wealth levels and liquidity will remain supportive of credit quality. Total cash and investments of $826 million covered operating expenses and total adjusted debt by a respective 2.4x and 2.3x in fiscal 2025, which is in line with and below peer medians, respectively. Unrestricted monthly liquidity of $496 million provided a robust 568 days cash on hand. Financial reserves have more than doubled over the last decade, mainly because of strong investment returns and the monetization of non-core assets. With narrower operating margins over the coming fiscal years, the pace of financial reserve growth will be largely determined by investment performance and to a lesser extent philanthropy. Three-year average gift revenue equated to $25 million in fiscal 2025, somewhat weaker with peers on a per student basis. The endowment is managed by an internal investment office and has a relatively liquid asset allocation with 76% of holdings in public equities and fixed income.

Exhibit 5

The university maintains strong wealth and liquidity relative to similarly rated peers



Source: Moody's Ratings

Leverage and coverage

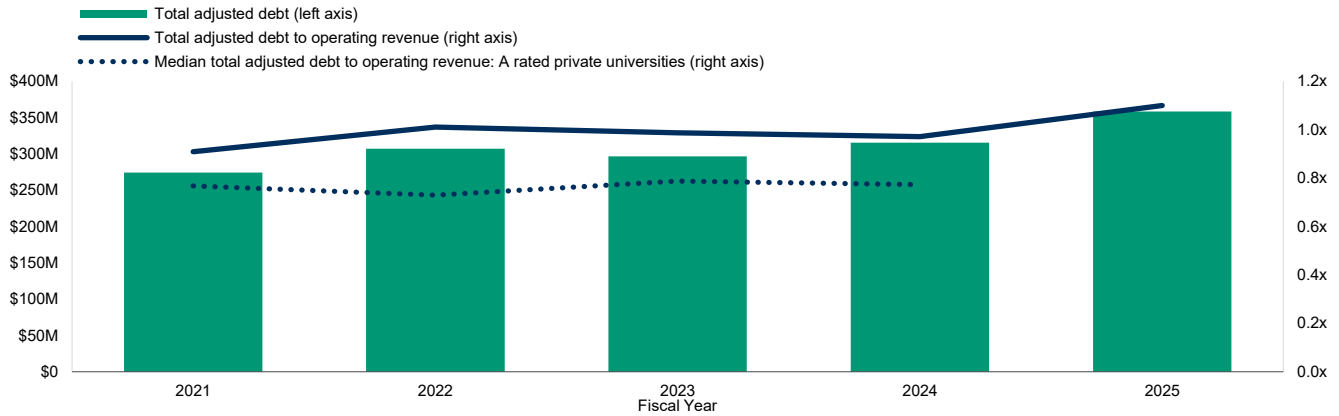
Duquesne's financial leverage will remain elevated relative to scale and cash flow. Total debt to EBIDA was a very high 13x in fiscal 2025 and will remain elevated as the university takes on new debt while operating performance remains tempered. Total adjusted pro forma debt will consist of $296 million of outstanding bonds and $142 million in debt-like obligations related to a long-term energy services contractual agreement. The monetization of non-core assets has added strength to the balance sheet but also has introduced complexity to the debt profile and added credit risk. As part of the 2025, $50 million energy distribution asset sale, Duquesne will

provide its energy partner with an annual capacity payment of $3.3 million that will escalate each year by 1.25% over the course of the 35-year agreement.

While capital spending has consistently been above depreciation, the university has an elevated age of plant at 18 years.

Exhibit 6

Duquesne's leverage remains elevated relevant to operating scale, above similarly rated peers



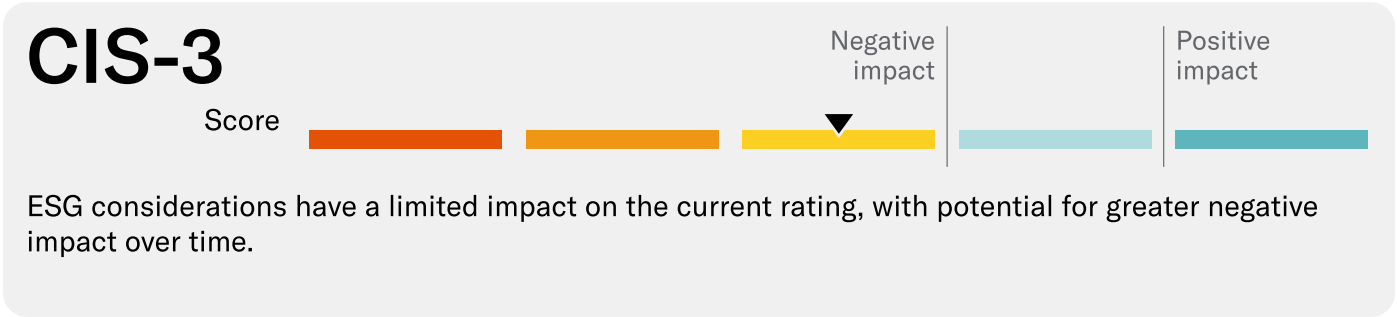
Source: Moody's Ratings

ESG considerations

Duquesne University of the Holy Spirit, PA's ESG credit impact score is CIS-3

Exhibit 7

ESG credit impact score



Source: Moody's Ratings

Duquesne University's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Its solid wealth and liquidity coupled with its effective institutional leadership help mitigate exposure to social risks.

Exhibit 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental

The **E-2** incorporates the moderate exposure to environmental risks including tropical storms and heat stress. Strong risk management practices limit the likelihood of material operational disruption or budgetary impact. Environmentally focused policies are embedded through all facets of the university including specific efforts to reduce waste, conserve energy, bolster research and incorporate academic programming geared towards sustainability. The long-term energy services agreement with a private partner allows for improved reliability and efficiency of the utility system, and reduction of waste. The university continues to make steady progress towards reducing carbon emissions.

Social

The **S-3** incorporates its exposure to demographic, customer relations, and human capital risks. The high reliance on students from the Mid-Atlantic region provides for considerable credit risk by constraining earned revenue growth and pricing power. Favorably, the university has a mission that is aligned with positive social impact through education, research, and service. Like many private universities, Duquesne is highly reliant on student charges, partly due to its moderate donor support and endowment resources per student. Solid graduation rates, good program diversity, and strong postgraduate earnings relative to median debt levels positively factor into the customer relations score. Human capital risks are derived from the labor rigidity introduced by the high number of tenured faculty and moderate collective bargaining exposure. However, its relatively higher use of part-time adjunct faculty provides for better flexibility to manage payroll expenses compared to sector peers.

Governance

The **G-2** reflects its track record of good financial oversight and clear-eyed decision making. Conservative budgeting will support longer-term operational stability despite the constrained revenue growth. A somewhat risky financial strategy is reflected in the university's increased leverage, some debt structure complexity, mitigated by its strong liquidity position. While introducing some organizational structure risk, the monetization of certain non-core capital assets serves the long-term strategic goals of the university and significantly bolstered flexible reserves. Like most of the sector, the large composition of the board including alumni and key donors introduces board structure risks. Favorably, the board members have good industry diversity and experience along with a demonstrated ability of effectively fulfilling its broad oversight responsibilities. Governance powers of the board are granted by the Members of the Corporation consisting solely of clerical members.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The Higher Education rating methodology includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, operating environment, and financial strategy on a qualitative basis, as described in the methodology.

Exhibit 9

Duquesne University of the Holy Spirit, PA

Scorecard Factors and Sub-factors		Value	Score
Factor 1:	**Scale (15%)**		
	Adjusted Operating Revenue (USD Million)	327	A
Factor 2:	**Market Profile (20%)**		
	Brand and Strategic Positioning	A	A
	Operating Environment	A	A
Factor 3:	**Operating Performance (10%)**		
	EBIDA Margin	5%	Baa
Factor 4:	**Financial Resources and Liquidity (25%)**		
	Total Cash and Investments (USD Million)	826	Aa
	Total Cash and Investments to Operating Expenses	2.4	A
Factor 5:	**Leverage and coverage (20%)**		
	Total Cash and Investments to Total Adjusted Debt	2.3	A
	Annual Debt Service Coverage	1.0	Ba
Factor 6:	**Financial Policy and Strategy (10%)**		
	Financial Policy and Strategy	A	A
	Scorecard-Indicated Outcome		A3
	Assigned Rating		A2

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Source: Moody's Ratings

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