

CREDIT OPINION

18 June 2026



Send Your Feedback

Contacts

Amanda Richter +1.650.745.0442
VP-Senior Analyst
amanda.richter@moodys.com

Debra Roane +1.212.553.6899
VP-Sr Credit Officer
debra.roane@moodys.com

Emily Raimes +1.212.553.7203
Associate Managing Director
emily.raimes@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
EMEA 44-20-7772-5454

Reed College, OR

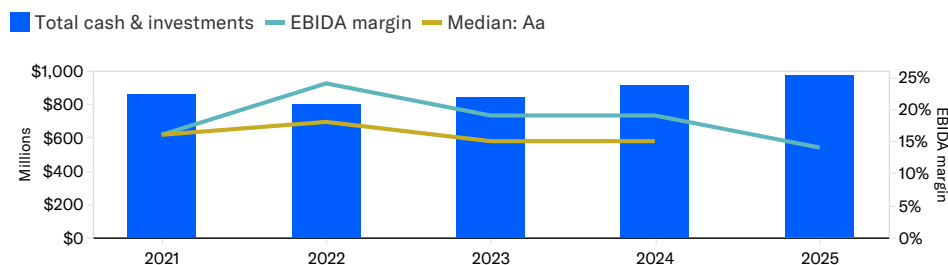
Update to credit analysis

Summary

Reed College's (Aa2 negative) credit profile reflects its strong academic reputation and niche positioning as a highly selective West Coast liberal arts institution. Substantial wealth of \$971 million in fiscal 2025 and ample liquidity provide meaningful flexibility to absorb operating volatility and remain key credit drivers. The college's revenue profile benefits from significant endowment support, which stabilizes operations but also introduces exposure to market performance and investment returns. Operating performance will likely weaken as expense growth outpaces revenue growth. Rising net tuition per student signals ongoing pricing power, however, enrollment limits growth in net student charges. Other credit considerations include the college's strong governance and financial management practices, balanced against its high dependence on investment and student-driven revenue.

Exhibit 1

Total wealth drives credit strength while EBIDA margins have compressed



Source: Moody's Ratings

Credit strengths

- » Strong and growing cash and investments, with \$971 million in fiscal 2025, and solid liquidity with 936 monthly days cash on hand
- » Wealth provides ample coverage of debt and expenses, at 7.8x and 7.7x, respectively, in fiscal 2025
- » Very good fundraising with three-year average gift revenue of \$25,417

Credit challenges

- » Increasing competition against a broader pool of universities, as evidence by a fairly low yield of accepted students
- » A high cost business model and relatively small scale reduce flexibility to quickly adjust operations

- » Debt structure with bullet maturity requires consistent treasury management to maintain credit quality

Rating outlook

The negative outlook acknowledges some softening of operating performance in fiscal 2026 due to rising expenses and lower than anticipated revenues, but also incorporates the potential for sustained deficits through fiscal 2028.

Factors that could lead to an upgrade

- » Stronger financial cushion with total cash and investments per student of at least \$1 million
- » Material strengthening of student demand evidenced by a recovery of enrollment, stronger matriculation yields and moderated tuition discounting
- » Greater revenue diversity through improvement in philanthropy with three-year average gifts per student growing to over \$30,000

Factors that could lead to a downgrade

- » Inability to improve projected operating deficits and maintain an EBIDA margin of at least 12%
- » Failure to stabilize enrollment and return to historic levels near 1400 students while improving demand profile, including stabilization of tuition discounting
- » Below peer growth in cash and investments and sustained erosion of liquidity

Key indicators

Exhibit 2

REED COLLEGE, OR

	2021	2022	2023	2024	2025	Median: Aa Rated Private Universities
Total FTE Enrollment	1,532	1,506	1,422	1,332	1,253	3,343
Operating Revenue (\$000)	111,088	130,000	129,272	134,956	131,850	368,735
Annual Change in Operating Revenue (%)	-3.2	17.0	-0.6	4.4	-2.3	5.4
Total Cash & Investments (\$000)	862,077	799,357	842,021	911,226	970,577	2,422,892
Total Adjusted Debt (\$000)	97,400	125,000	125,000	125,000	125,000	437,838
Total Cash & Investments to Total Adjusted Debt (x)	8.9	6.4	6.7	7.3	7.8	5.1
Total Cash & Investments to Operating Expenses (x)	8.4	7.4	7.2	7.5	7.7	5.2
Monthly Days Cash on Hand (x)	1,059	820	746	847	936	499
EBIDA Margin (%)	15.5	24.2	19.0	19.2	14.4	14.6
Total Debt to EBIDA (x)	5.7	4.0	5.1	4.8	6.6	5.2
Annual Debt Service Coverage (x)	3.8	5.9	5.0	5.3	3.9	3.5

Source: Moody's Ratings

Profile

Reed College, also known as The Reed Institute, is a liberal arts college, located in Portland, Oregon, and founded in 1908. For fall 2025, Reed enrolled 1,253 full-time equivalent (FTE) students and in fiscal 2025 recorded \$132 million in operating revenue.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

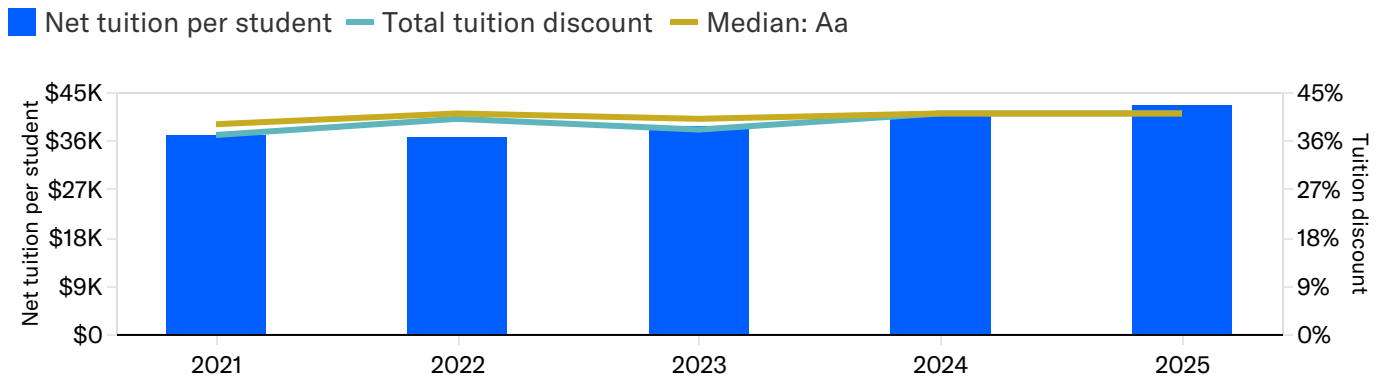
Detailed credit considerations

Market position

Reed will continue to benefit from its position as a highly selective liberal arts institution with a strong academic reputation and niche positioning in the West Coast. Enrollment declined to 1,253 FTE in FY2025, marking an 18% decline over the last five years. Management is actively recalibrating scale, while indicating that enrollment will flatten and possibly grow slightly in Fall 2026. Net tuition per student has risen to \$42,417 despite intensifying competition and growing tuition discounting. Reed's acceptance rate is competitive with the Aa-rated median, while weaker matriculation rates around 14% are due in part to the college's absence of merit aid and unique academic programming.

Exhibit 3

Tuition discounting remains in line with Aa rated peers



Source: Moody's Ratings

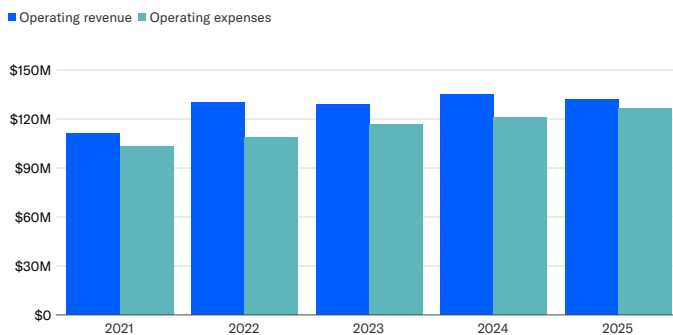
Operating performance

For fiscal 2026, we expect Reed's operating performance to continue to soften with management indicating they anticipate a \$7 million operating deficit. On a Moody's adjusted basis, we anticipate close to breakeven results and an EBIDA margin hovering around 14%. Operating performance had weakened in FY2025, as operating revenue declined 2.3% to \$131.9 million, while expenses increased 6.3%. Net tuition revenue softened despite higher per-student pricing, reflecting enrollment declines and sustained discounting.

Strong endowment support remains critical, with investment income contributing 33% of revenue, partially offsetting structural pressures from a tuition-dependent business model. Management's multi-year cost actions, including vacancy management and program realignment, alongside a commitment to restoring structurally balanced operations will be key to maintaining its credit profile.

Exhibit 4

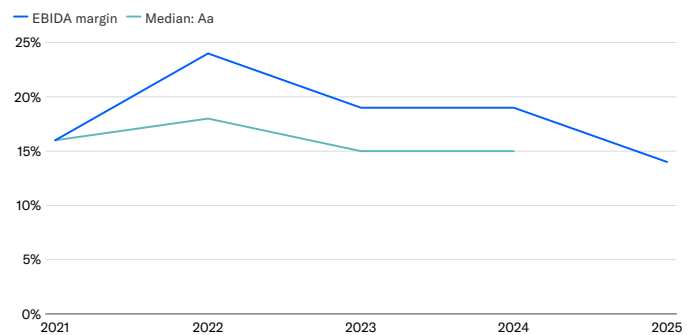
Operating expense growth has outpaced operating revenue growth



Source: Moody's Ratings

Exhibit 5

EBIDA margins have declined, but remain above 10%



Source: Moody's Ratings

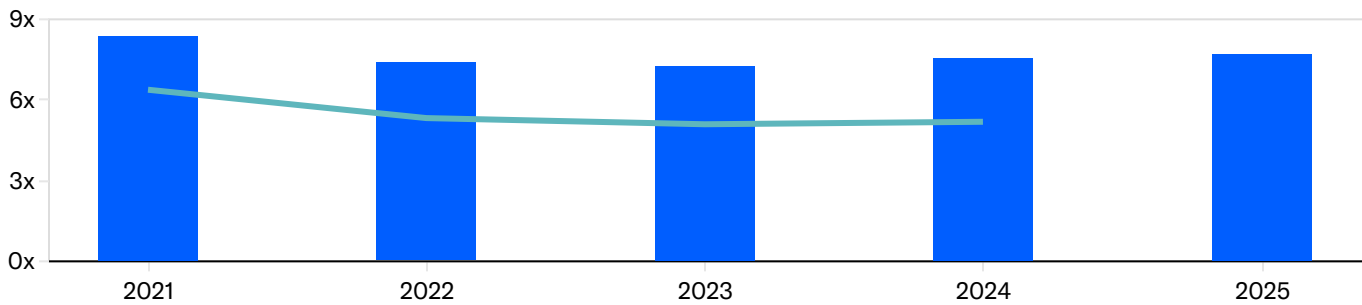
Financial resources and liquidity

Reed's strong relative wealth compared to operations, with substantial and growing investment balances provides significant operating flexibility and remains a key credit driver. Total financial resources reached \$971 million in fiscal 2025, supported by strong investment returns, and liquidity remains robust with 936 monthly days cash on hand. Endowment support, while a strength, introduces exposure to market fluctuations, though diversified allocations and a favorable track record of returns help mitigate near-term risks. Increasing fundraising efforts will be additive to the endowment and support its four consecutive years of a 5% spend rate.

Exhibit 6

Total cash and investments to operating expense well exceed peers

■ Total cash and investments to operating expenses — Median: Aa



Source: Moody's Ratings

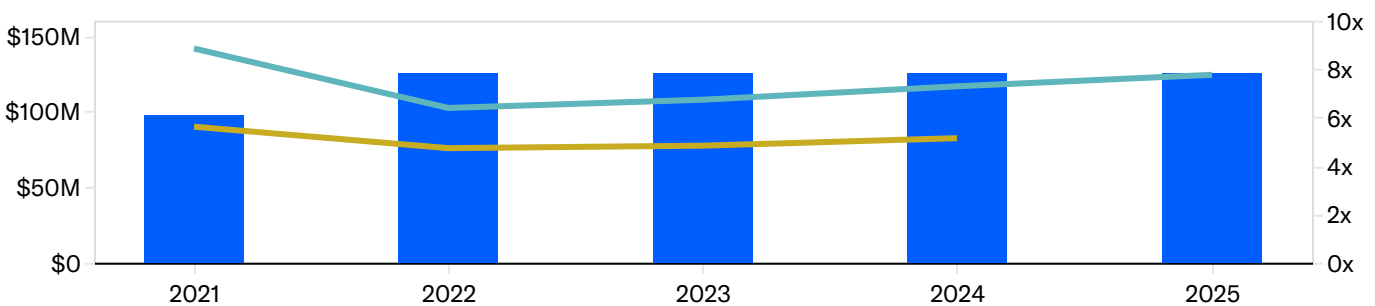
Leverage and coverage

Leverage remains modest and well-managed, though debt service coverage metrics softened in fiscal 2025 alongside weaker operating performance. To manage risk associated with the bullet principal maturity of its Series 2022 bonds, the college has set aside funds in a separate account that they will contribute to over time. Coupled with investment returns, the account is anticipated to fully fund the bullet payment in 2052. The college has no immediate plans for additional debt, relying on internal capital reserves for near term projects and ongoing deferred maintenance.

Exhibit 7

Healthy balance sheet leverage helps mitigate near-term softening of operating performance

■ Total adjusted debt — Total cash and investments to total adjusted debt — Median: Aa

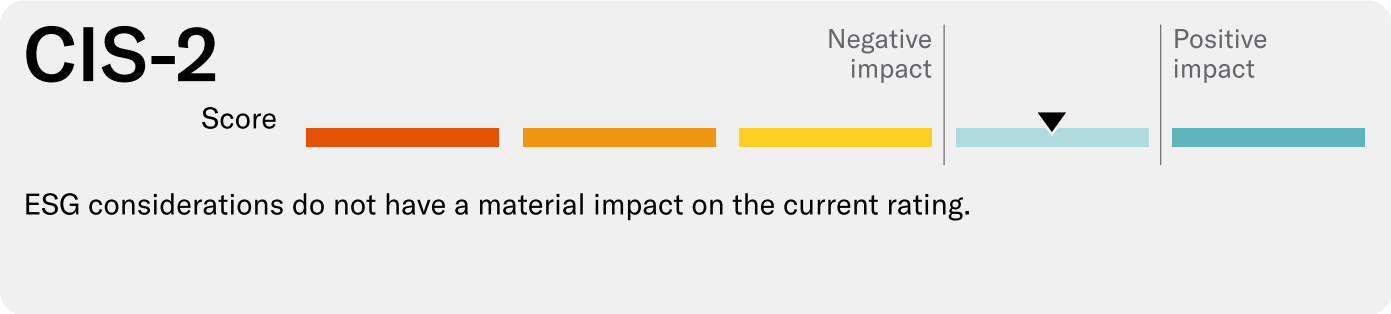


Source: Moody's Ratings

ESG considerations

Reed College, OR's ESG credit impact score is CIS-2

Exhibit 8
ESG credit impact score



Source: Moody's Ratings

Reed College's (**CIS-2**) indicates that ESG considerations are not material to the rating. They are unlikely to affect the issuer's credit fundamentals largely due to considerable wealth and liquidity.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Environmental risks are **E-2** across all categories and in line with exposures of most of the higher education sector. Portland, the site of the main campus does have exposure to wildfire risks, including smoke from the fires that can negatively affect the region's air quality, but this should present manageable disruptions. Reed College continues to implement goals of its comprehensive sustainability plan and is committed to reducing its carbon footprint and working towards carbon neutrality.

Social

Reed's social issuer profile score (**S-2**) reflects its national reputation with favorable student demand contributing to excellent brand and strategic positioning. Consistent within the higher education sector, Reed has a mission aligned with positive social impact through its education and service mission. However, the relatively small operating scale and highly competitive student market pose challenges as Reed is competing against a broader pool of well-resourced colleges. Reed also faces changing consumer preferences and its yield on admitted students has softened. Like many sector peers, human capital risks are derived from the high faculty tenure exposure, which can present labor rigidity constraints.

Governance

Reed's governance issuer profile score (**G-2**) reflects its favorable wealth growth, stewarded by a disciplined and seasoned leadership team. The college operates under a high-cost business model, which, combined with its small scale, limits its flexibility to adjust quickly to market changes. Historically, its conservative budgeting helps offset these challenges, however, multiple years of deficits are expected due to enrollment fluctuations and growing expenses. Like most of the sector, the large composition of the college's board of trustees including alumni and key donors introduces some board structure risks. Favorably, board members have good industry diversity and experience along with a demonstrated ability of effectively fulfilling its broad oversight responsibilities.

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 scorecards 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 policy and strategy on a qualitative basis, as described in the methodology.

Exhibit 10

Reed College, OR

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	132	A
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	Aa	Aa
Operating Environment	A	A
Factor 3: Operating Performance (10%)		
EBIDA Margin	14%	A
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	971	Aa
Total Cash and Investments to Operating Expenses	7.7	Aaa
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	7.8	Aaa
Annual Debt Service Coverage	3.9	A
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	A	A
Scorecard-Indicated Outcome		Aa3
Assigned Rating		Aa2

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

© 2026 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT.

SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE LEGAL, COMPLIANCE, INVESTMENT, FINANCIAL OR OTHER PROFESSIONAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating or assessment is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating or assessment process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating or assessment assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and all MCO entities that issue ratings under the "Moody's Ratings" brand name ("Moody's Ratings"), also maintain policies and procedures to address the independence of Moody's Ratings' credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at ir.moody.com under the heading "Investor Relations — Corporate Governance — Charter and Governance Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., Moody's Local PA Clasificadora de Riesgo S.A., Moody's Local CR Clasificadora de Riesgo S.A., Moody's Local ES S.A. de CV Clasificadora de Riesgo, Moody's Local RD Sociedad Clasificadora de Riesgo S.R.L. and Moody's Local GT S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody's Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion ("SPO") nor a Net Zero Assessment ("NZA") is a "credit rating". The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore.

EU: In the European Union, each of Moody's Deutschland GmbH and Moody's France SAS provide services as an external reviewer in accordance with the applicable requirements of the EU Green Bond Regulation. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used

within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

REPORT NUMBER 1487840

Contacts

Amanda Richter VP-Senior Analyst amanda.richter@moodys.com	+1.650.745.0442	Debra Roane VP-Sr Credit Officer debra.roane@moodys.com	+1.212.553.6899
Emily Raimes Associate Managing Director emily.raimes@moodys.com	+1.212.553.7203		

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454