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University of Texas System: Fitch New Issue Report

Revenue Defensibility: 'aaa': Very Strong Demand; Consistent Revenue Diversity: The University of Texas System's (UTS) 'aaa' revenue defensibility assessment is supported by exceptionally strong underlying market characteristics and solid enrollment as Texas's public research flagship university system. Overall revenue stability benefits from a solid enrollment niche, diverse multi-facility healthcare operations, strong fundraising, a deep research base, historically stable state operating support and substantial endowment income. Operating Risk: 'aa': Consistently Solid Cash Flow Margins: The 'aa' operating risk assessment reflects UTS's solid cash flow margins, which average in excess of 20%. The assessment further reflects strong capital fundraising and state debt service support of designated capital projects. Financial Profile: 'aaa': Resilient Liquidity; Very Strong Leverage Metrics: UTS's 'aaa' financial profile is supported by very low leverage ratios, as measured by available funds to debt, which remain solidly within the rating category through Fitch's modeled stress scenario that incorporates both an operating revenue stress and a market-driven investment downturn.

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