

FitchRatings

Fitch Affirms Notes Issued by Pennsylvania Higher Ed Assistance Agency 2009-1 and 2009-2 Indentures Ratings Endorsement Policy

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Fitch Ratings-New York-23 September 2013: Fitch Ratings affirms the 'AAAsf' ratings assigned to the student loan notes issued by the Pennsylvania Higher Education Assistance Agency 2009-1 Indenture (PHEAA 2009-1), and the 2009-2 Indenture (PHEAA 2009-2) floating rate student loan asset-backed notes. The Rating Outlook on the notes, which is tied to the sovereign rating of the U.S. government, remains Negative.

KEY RATING DRIVERS

The collateral supporting the notes is composed of student loans originated under the Federal Family Education Loan Program (FFELP). The affirmations are based on the sufficient level of credit enhancement to cover the applicable risk factor stresses. The parity ratios have been steadily increasing. As of June 2013, the parity for PHEAA 2009-1 was 113.46%, and for PHEAA 2009-2, 112.11%.

PHEAA 2009-1 and PHEAA 2009-2 transactions may not release cash from the trust until notes are paid in full; therefore, full credit is given to the current parity levels in Fitch's analyses. In Fitch's analyses, the notes passed the cash flows corresponding to their rating stresses.

A detailed list of rating actions follows at the end of this press release.

RATING SENSITIVITIES

Since FFELP student loan ABS rely on the U.S. government to reimburse defaults, 'AAAsf' FFELP ABS ratings will likely move in tandem with the 'AAA' U.S. sovereign rating. Aside from the U.S. sovereign rating, defaults and basis risk account for the majority of the risk embedded in FFELP student loan transactions. Additional defaults and basis shock beyond Fitch's published stresses could result in future downgrades. Likewise, a buildup of credit enhancement driven by positive excess spread given favorable basis factor conditions could lead to future upgrades.

Fitch has affirmed the following ratings:

Pennsylvania Higher Education Assistance Agency, 2009-1 Indenture Floating Rate Student Loan Asset-Backed Notes:
--Class A-1 at 'AAAsf'; Outlook Negative.

Pennsylvania Higher Education Assistance Agency, 2009-2 Indenture Floating Rate Student Loan Asset-Backed Notes:
--Class A-1 at 'AAAsf'; Outlook Negative;
--Class A-2 at 'AAAsf'; Outlook Negative.

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Global Structured Finance Rating Criteria' (May 24, 2013);

--'Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria' (Jan. 9, 2013).

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria

Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria -- Amended

Additional Disclosure

Solicitation Status

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