

Fitch Ratings

Fitch Affirms PHEAA 2011-1 Notes Ratings Endorsement Policy

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Fitch Ratings-New York-26 March 2014: Fitch Ratings affirms the 2011-1 notes currently rated 'AAAsf' issued by PHEAA Student Loan Trust 2011-1 (PHEAA 2011-1). The Rating Outlook remains Stable.

Key Rating Drivers

High Collateral Quality: The collateral consists of 100% of Federal Family Education Loan Program (FFELP) loans. The credit quality of the trust collateral is high, in Fitch's opinion, based on the guarantees provided by the transaction's eligible guarantors and reinsurance provided by the U.S. Department of Education (ED) for at least 97% of principal and accrued interest. Fitch affirmed at 'AAA' and assigned a Stable Outlook to the U.S. sovereign rating on March 24, 2014.

Sufficient Credit Enhancement: Cash flow scenarios for the class 2011-1 notes were satisfactory under Fitch's stresses. Parity for class A notes is at 106.97% as of December 2013. CE is provided by overcollateralization (OC; the excess of trust's asset balance over bond balance) and excess spread. PHEAA 2011-1 is in turbo; no cash can be released to the issuer until all bonds are paid in full.

Adequate Liquidity Support: Liquidity support is provided by a reserve account currently sized at \$3,222,415.56 as of December 2013.

Acceptable Servicing Capabilities: PHEAA is responsible for day-to-day servicing of the trust. Fitch believes PHEAA to be an acceptable servicer of FFELP student loans.

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 taken the following rating actions:

PHEAA Student Loan Trust 2011-1:
--Series 2011-1 note at AAAsf; Outlook Stable.

Contact:

Primary Analyst
Charlene M. Davis
+1-212-908-0213
Fitch Ratings, Inc.
One State Street Plaza
New York, NY 10004

Committee Chairperson
Tracy Wan
Senior Director
+1-212-908-9171

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278, Email: sandro.scenga@fitchratings.com.

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

Applicable Criteria and Related Research:

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

--'Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria' dated May 17, 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

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