

FitchRatings

Fitch Affirms Senior Notes of PHEAA Student Loan Trust 2011-1 Ratings Endorsement

Policy

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Fitch Ratings-New York-19 April 2013: Fitch Ratings affirms the senior student loan notes at 'AAAsf' issued by PHEAA Student Loan Trust 2011-1 Indenture. The Rating Outlook on the senior notes, which is tied to the sovereign rating of the U.S. government, remains Negative. Fitch used its 'Global Structured Finance Rating Criteria', and 'Rating U.S. Federal Family Education Loan Program Student Loan ABS' to review the ratings.

KEY RATING DRIVERS

The rating on the senior note is affirmed based on the sufficient level of credit enhancement to cover the applicable risk factor stresses. Credit enhancement for the senior note consists of overcollateralization and projected minimum excess spread. Current reported parity is 106.19%. Excess cash may not be released from the trust until all bonds are paid in full.

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:

--Class A-1 affirmed 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' dated June 6, 2012;
--'Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria' dated April 1, 2013.

Applicable Criteria and Related Research

Global Structured Finance Rating Criteria

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

Additional Disclosure

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