

FITCH AFFIRMS NORTHSTAR EDUCATION FINANCE, INC. 2006-A PRIVATE STUDENT LOAN TRUST

Fitch Ratings-New York-12 March 2013: Fitch Ratings affirms the ratings on the senior and subordinate bonds issued from NorthStar Education Finance, Inc. 2006-A trust. The Outlook on the subordinate bonds has been revised to Stable from Positive. The Outlook on the senior bonds is Stable. Fitch's 'Global Structured Finance Rating Criteria' and 'U.S. Private Student Loan ABS Criteria' were used to review the transaction. The rating actions are detailed at the end of this press release.

KEY RATING DRIVERS

Fitch affirms the ratings on the bonds based on loss coverage multiples and qualitative factors such as positive excess spread which are sufficient to support an 'AAAsf' rating for the senior bonds and 'Asf' rating on the subordinate bonds which were calculated using collateral performance data as of Dec. 31, 2012.

The Outlook on the subordinate bonds is revised to Stable from Positive due to the increase in our projected defaults. While Fitch does have a negative outlook for the private student loan sector, the agency's default projections are in line with its initial expectations.

Loss coverage multiples were determined by comparing the projected net loss amount to available credit enhancement. While the trust's current total parity is 103.32%, Fitch only gives credit to the 103% release level as per the transaction documents. Fitch used historical vintage loss data provided by NorthStar to form a loss timing curve representative of the collateral pool. After giving seasoning credit for those loans in repayment, Fitch applied the current cumulative gross loss level to the loss timing curve to derive the expected gross losses over the remaining life. Fitch has projected remaining defaults to be 6%-9% of the current pool balance.

Credit enhancement consists of excess spread and overcollateralization. Furthermore, senior notes benefit from additional credit enhancement provided by the subordinate note. Fitch assumed excess spread to be the lesser of the current annualized excess spread; the average historical excess spread; and the most recent 12-month average excess spread. That same rate was applied over the remaining life.

RATING SENSITIVITIES

As Fitch's base case default proxy is derived primarily from historical collateral performance, actual performance may differ from the expected performance, resulting in higher loss levels than the base case. This will result in a decline in credit enhancement and remaining loss coverage levels available to the notes and may make certain note ratings susceptible to potential negative rating actions, depending on the extent of the decline in coverage.

The collateral securing the bonds consist entirely of private student loans which were originated by NorthStar Education Finance, Inc. Great Lakes Educational Loan Services, Inc. (Great Lakes) is the primary servicer for the private student loans for the trust. Although Fitch does not explicitly rate Great Lakes, it considers their servicing to be satisfactory.

Fitch takes the following rating actions:

NorthStar Education Finance, Inc. 2006-A

--Class A-3 affirmed at 'AAAsf'; Outlook Stable;

--Class A-4 affirmed at 'AAAsf'; Outlook Stable;

--Class B affirmed at 'Asf'; Outlook revised to Stable from Positive.

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:

- 'U.S. Private Student Loan ABS Criteria', Jan. 31, 2012;
- 'Global Structured Finance Rating Criteria', June 6, 2012;
- 'Counterparty Criteria for Structured Finance Transactions', May 30, 2012.

Applicable Criteria and Related Research

U.S. Private Student Loan ABS Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=698293

Global Structured Finance Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=679923

Counterparty Criteria for Structured Finance Transactions

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=678938

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