

**Rating Action: Moody's downgrades enhanced ratings for Pennsylvania school districts benefitting from three state aid intercept programs**

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Global Credit Research - 17 Jul 2012

**Rating actions follow downgrade of Commonwealth of Pennsylvania's GO rating to Aa2 stable from Aa3 negative outlook**

New York, July 17, 2012 -- Moody's Investors Service has downgraded the enhanced ratings of Pennsylvania school districts benefitting from three state aid intercept programs: the Pennsylvania Act 150 School District Intercept Program, Pennsylvania School District Fiscal Agent Agreement Intercept Program, and the Pennsylvania State Public School Building Authority Lease Revenue Intercept Program. All enhanced ratings have been downgraded by one notch. For a complete list of all Pennsylvania school districts affected by these rating actions, please click here: [http://www.moody's.com/viewresearchdoc.aspx?docid=PBM\\_PBM143948](http://www.moody's.com/viewresearchdoc.aspx?docid=PBM_PBM143948)

These rating actions follow the downgrade to Aa2 with a stable outlook from Aa1 with a negative outlook of the Commonwealth of Pennsylvania's general obligation (GO) bond rating. The programmatic rating of the Pennsylvania Act 150 School District Intercept Program was downgraded to A1 with a stable outlook from Aa3 with a negative outlook; the programmatic rating of the Pennsylvania School District Fiscal Agent Agreement Intercept Program was downgraded to Aa3 with a stable outlook from Aa2 with a negative outlook; and the programmatic rating on the Pennsylvania State Public School Building Authority Lease Revenue Intercept Program was downgraded to Aa3 with a stable outlook from Aa2 with a negative outlook.

**SUMMARY RATING RATIONALE**

The enhanced ratings are based primarily on the structure and mechanics of the three enhancement programs and are notched off of Pennsylvania's general obligation rating and outlook. The ratings assigned to the programs serve as the ceiling for the enhanced ratings assigned to individual transactions participating in the programs. More detailed discussion of each program follows below.

For additional information regarding Moody's recent action regarding the Commonwealth of Pennsylvania, please refer to our report dated July 16, 2012.

The principal methodology used in this rating was State Aid Intercept Programs and Financings published in February 2008. Please see the Credit Policy page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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