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Update on Bonds Previously Issued by MHESAC

Statement by Jim Stipcich, president/CEO Student Assistance Foundation:

Over the past two weeks, auctions associated with \$311.8 million in tax-exempt auction bonds previously issued by Montana Higher Education Student Assistance Corporation (MHESAC) were unsuccessful.

In addition, auctions associated with \$59.1 million in taxable bonds previously issued by MHESAC were unsuccessful this week. Last week, that number was \$18.4 million.

On Thursday, MHESAC completed the redemption of \$9.3 million in taxable bonds.

We would like to emphasize that MHESAC has financing in place for FFELP loans for Montana students for next fall — \$175 million for the 2008-2009 academic year.

MHESAC continues to work to restructure its auction rate bonds. MHESAC's ability to accomplish further restructure and refinancing strategies will be dependent upon a number of factors, including the availability of certain financing vehicles, if applicable, and related liquidity and/or credit enhancement facilities.