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### **Update on Auctions of Bonds Previously Issued by MHESAC**

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

As of March 7, recent auctions on Wall Street associated with \$1.1 billion of Montana Higher Education Student Assistance Corporation's (MHESAC) outstanding auction bonds have been unsuccessful. This means that the resale of previously issued MHESAC auction bonds between bondholders has not occurred. This disruption in the auction bond market is an ongoing manifestation of widespread credit and liquidity problems plaguing the financial markets.

In auctions this week, auctions associated with MHESAC's outstanding auction bonds totaling \$155,900,000 — all in tax-exempt bonds — were unsuccessful. This brings the total of tax-exempt bonds included in these auctions to \$969,700,000 and taxable bonds to \$139,000,000. Last week, one auction involving MHESAC auction bonds was successful as \$30 million of taxable bonds were resold.

The most important message is that MHESAC has financing in place for Montana students for next fall — \$175 million for the 2008-2009 academic year — and we do not anticipate any impact on the availability of such MHESSC funds for providing student loans to Montanans.

The next auction of previously issued MHESAC auction bonds is scheduled for March 11, 2008.