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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 14, recent auctions on Wall Street associated with \$1.29 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 \$181.5 million in tax-exempt bonds were unsuccessful. This brings the total of tax-exempt bonds included in these auctions to \$1.15 billion. In addition, auctions associated with \$51.9 million in taxable bonds were unsuccessful, bringing that total to \$139 million.

It's important to note that the taxable bonds associated with this week's auction were previously unsuccessful — 28 days ago. These are the first of previously issued MHESAC auction bonds to cycle through the auctions for the second time. Some of the tax-exempt bonds will cycle through for the second time next week as a result of their 35-day cycle.

We would like to emphasize 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.